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A CRITICAL EVALUATION
OF CONTROLLERSHIP
IN THE MARINE CORPS

Thomas H. Shannon

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A CRITICAL EVALUATION OF CONTROLLERSHIP
IN THE MARINE CORPS

By

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Duke University

1958

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TABLE OF CONTENTS

| Chapter | Page |
|--|------|
| I. INTRODUCTION Research Questions Importance of the Study Methodology and Scope | 1 |
| II. EVOLUTION OF MARINE CORPS CONTROLLERSHIP . . . Developments after 1953 Resources Management Program | 8 |
| III. FINANCIAL MANAGEMENT STRUCTURE IN THE MARINE CORPS Fiscal Division Headquarters Marine Corps Controllership at Field Levels | 20 |
| IV. THE CURRENT STATE OF MARINE CORPS CONTROLLERSHIP Growth of the Controller Function Qualifications for Controllership Impact of Project PRIME Controller Functioning Interstaff Relationships Centralization | 36 |
| V. CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER STUDY Restatement of Research Questions General Conclusion Recommendations for Further Study | 74 |
| SOURCES CONSULTED | 83 |
| APPENDIXES | |
| A. MISSIONS AND FUNCTIONS ASSIGNED TO THE BRANCHES OF THE FISCAL DIVISION, HEADQUARTERS MARINE CORPS | 88 |

| | |
|-------------------------------|------|
| | Page |
| B. SAMPLES OF PROJECT "PRIME" | |
| REQUIRED REPORTS | 113 |
| C. PROPOSED SURVEY OF MARINE | |
| CONTROLLERS | 120 |

CHAPTER I

INTRODUCTION

Research Questions

The purpose of this study is to determine if the concept and practice of controllership in the Marine Corps is making a substantial contribution to effective financial management.

Additional subsidiary questions which will be investigated are: How did the concept of Marine Corps controllership evolve? How do Marine controllers at various levels function, and what is the extent and limitations of their influence? What is the impact and implications of the Department of Defense Resources Management Program and especially project PRIME on Marine Corps financial management? How does the Marine Corps concept of controllership compare with modern concepts in the private sector? What is the impact of the traditional idea of command responsibility and line-staff relationship in the exercise of controllership? What changes in management concept and staff structure might contribute to the effectiveness of the controllership function?

Importance of the Study

It is an especially appropriate time to make such a study.

In the military, controllership is synonymous with financial management, and we are entering into a time when skilled and effective management will be demanded throughout the public sector and most especially the armed forces. We are also entering into a time when at last the techniques are available which may make it possible to apply financial measurements to military missions and objectives that were heretofore beyond the reach of measurement and evaluation.

Whenever new methods and programs such as those of the Defense Department's resources management system are instituted, it is wise to look sharply at the institutions where these methods will be applied. Is the method of organization still sound in lieu of new techniques? Are the assignment of responsibilities and the existing staff relationships still valid? Are the qualifications appropriate to the old system still valid under the new? Should changes be made that transcend the obvious requirements of the new systems?

The answer to these questions in any organization is apt to be "yes." In an organization like the United States Marine Corps with a long tradition of success in applying a rigidly structured organization to whatever situation may arise, there is likelihood that new concepts may not achieve their full potential because of the rigidity of the organizational structure in which they are applied. It is significant that the Marine Corps is 195 years old. Many traditions and operational tenets have their origin in the distant past. In contrast, Marine Corps controller-

ship was not born until 1953. The resources management program is dated 1965 and project PRIME is even more recent. Evolution has been slow for financial management in the Marine Corps and still proceeds at a slow pace.

Methodology and Scope

A significant dimension of any study dealing with controllership is the multitude of definitions for the term itself. A controller can be anyone from the head auditor of a small firm to the chief financial officer of the largest corporation. The only common bond among controllers is that they all have to do with financial management.

Heckert describes controllership as requiring an attitude of mind which energizes and vitalizes financial data by applying it to future company activities.¹

A few years earlier another author described controllership as growing from the demand for better management practices which in turn required more adequate and scientific accounting and more exact financial control.²

In recent years new dimensions have been added to the concept of controllership, and finance is only one of a number of areas suited for management control. Robert J. Mockler says that "while dollar costs and profits are the ultimate forms of business control, financial tools are not necessarily always

¹J. Brooks Heckert and James D. Willson, Controllership (New York: The Ronald Press, 1963).

²J. Hugh Jackson, The Comptroller: His Functions and Organization (Cambridge, Mass.: Harvard University Press, 1948), p. 4.

the best ones for control."¹ Another current author lists financial controls as only one of eight key areas of performance control.²

Because the scope of military controllership is largely within the boundaries of financial considerations, these newest concepts will not be examined. For purposes of this study, controllership will be confined to what is essentially financial in origin.

The lack of precision associated with the meaning of controllership extends to the spelling of the word, "comptroller" or "controller." Most who have studied the question conclude that the terms are identical, and the difference is purely etymological.³ Comptroller is, however, the older term and as such has come to have an accounting connotation representing the older, more narrow meaning. In researching this study, it was noted that most recent writings and all those advocating an expanded role for controllership use "controllership" rather than "comptrollership." The Federal Government, including the Marine Corps, uses "comptroller" exclusively. Because of this it would be simpler to use "comptroller" throughout this paper. However, because of personal preference and a desire to use the term associated with the broad managerial oriented meaning,

¹Robert J. Mockler, "The Corporate Control Job: Breaking the Mold," Business Horizons, XIII, No. 6 (Dec., 1970) p. 4.

²Paul M. Stokes, A Total Systems Approach to Management Control (New York: American Management Association, 1968), p. 3.

³Jackson, The Comptroller, p. 5; and Frederick R. Bowie, "Comptroller or Controller," Armed Forces Comptroller, XIV, No. 3 (July, 1969) pp. 22-23.

the writer has persisted in using "controller" except in reference to positions within the government and the Marine Corps officially named "comptroller."

The original intention was to present only the minimum background and historical material required for a clear understanding of the subject. This minimum has proved to be a considerable amount. All of Chapters II and III and part of IV are devoted to describing the evolution and present setting of Marine Corps controllership.

This part of the study is of more benefit than just historical perspective. Financial management in the Marine Corps is characterized by movement too slow to be termed dynamic, but movement, never-the-less. This movement has been in one direction and is likely to continue. A look at previous change and development is one of the best ways to predict what will happen in the future. For this reason the considerable space devoted to background material makes a contribution to the study.

A good deal of effort is devoted to project PRIME. It is a benchmark in the evolution of Marine Corps financial management and it is one that the Marine Corps is currently in the midst of. PRIME will be explained and the reader should gain a clear appreciation of its possible uses as a tool of progressive controllership.

In Chapter IV Marine Corps controllership is examined from a number of different views. Almost inevitably comparison

and analysis in terms of the private sector emerges. There are those, particularly those with a military or governmental background, who would term this "comparing the incomparable," or analyzing "apples in terms of oranges."

The mere comparison of the Marine Corps to other branches of the Armed Forces or other governmental or institutional agencies would yield little different or productive. A quote from former Assistant Secretary of the Air Force for Financial Management, Leonard Marks, Jr., accurately describes the relation of military management to that of the private sector.

Military commanders are managers in every sense of the word. They have responsibilities for all the resources under their jurisdiction as well as for successful accomplishment of assigned missions. The difference between such a responsible military official and a business executive is that with the military the stakes are far higher and mistakes, far costlier; but, in the sense that military commanders and industrial managers are responsible for the results of their actions and accountable for the resources at their command, they are alike. Even though the military commander or manager has no profit incentive per se, he does have a comparable objective--resource input vs program output balance as in business. He must optimize!¹

The study has sought to examine all factors that affect Marine Corps controllership. This was accomplished to the extent feasible under the circumstances of the study. While the writer had access to all directives and publications of the Marine Corps as well as practically all other pertinent published material, it was not possible to conduct extensive interviews. There is indication that local conditions and practices as well as the personal qualities and attitudes of the commanders and controllers have substantial effect on controllership effective-

¹Leonard Marks, Jr., "Myths of Military Management," Armed Forces Comptroller, IX, No. 3 (July, 1966) pp. 3-6.

ness in the field. Recommendations and guidance for such a study are contained in Chapter V.

CHAPTER II

EVOLUTION OF MARINE CORPS CONTROLLERSHIP

In the years before 1953 there was nothing resembling a controller organization in the Marine Corps. Budget estimation and control of funds were firmly centralized at Headquarters Marine Corps in the person of the Quartermaster General. The Quartermaster General was, as an additional duty, Fiscal Director of the Marine Corps.

Field commanders had little involvement in fiscal matters and had no direct responsibility in the administration of public funds. Should a station commander want an item that the supply department did not have, he had to write a letter to the Quartermaster General, who would decide the merit of the case and make any required procurement at the Headquarters level.

There was no revolving stock fund. Supplies and equipment were issued in accordance with allowance lists. As supplies did not cost anything to a field commander, he was relieved of any monetary considerations.

That such a system could work at all is attributed to the personal genius of the Quartermaster General, Major General William P. T. Hill, who served in that capacity from 1944 to

1955. There is a legend that he ran the supply and fiscal affairs of the Marine Corps with a hip pocket notebook and a stack of old-fashioned ledgers in his office. It is likely the remarkable abilities of General Hill permitted the Marine Corps to put off the realities of a modern system of financial management for a few additional years.¹

The impetus for change came from the Congress. The Congress has been greatly concerned with the tremendous increase in governmental costs that occurred during and subsequent to World War II. In 1947 the Congress established the Commission on Organization of the Executive Branch of the Government, more popularly known as the first Hoover Commission. In its report to the Congress in 1949, this commission stated that "the budget and appropriation process is the heart of the management and control of the executive branch."² The commission found that "the maintenance of a huge military force and of enormous military budgets in peacetime poses a severe problem. It introduces a new element into our social and political life; this spending, both as a drain on the taxpayers and as purchasing power, can vitally affect our economy. The degree of our success in achieving efficiency of military operations and planning, economy in execution, and proper relationship of this new force to our political and economic fabric can make the

¹Brigadier General Edwin H. Simmons, USMC, "Budgeting in the Marine Corps," The Armed Forces Comptroller, XIV, No. 2 (April, 1969), p. 24.

²The Commission on Organization of the Executive Branch of the Government, Budgeting and Accounting, a Report to the Congress, 1949 (Washington, D.C.: Government Printing Office, 1949), p. 7.

difference between democracy and totalitarianism, both for our Nation, and for the whole world."¹

In the same year in which the Hoover Commission report was presented, the President approved the National Security Act Amendments of 1949. In title IV of the Act--PROMOTION OF ECONOMY AND EFFICIENCY THROUGH ESTABLISHMENT OF UNIFORM BUDGETARY AND FISCAL PROCEDURES AND ORGANIZATION--Congress directed attention to financial management in the Department of Defense.

Title IV established the Assistant Secretary of Defense (Comptroller) and a comptroller in each of the three military departments. It provided that these comptrollers would be responsible for budgeting, accounting, progress and statistical reporting, internal audit, and for the administrative organizational structure and managerial procedures relating thereto. It also provided for various improvements in the comptroller functions mentioned above.²

In 1952 Colonel David M. Shoup, later to be the 22nd commandant of the Marine Corps, was appointed to develop a system of financial management which would meet the new legal requirements. After six months of study the organization of a separate Fiscal Division at the general staff level was recommended and approved. In April, 1953 Colonel Shoup was promoted to Brigadier General and appointed Fiscal Director of

¹The Committee on Organization of the Executive Branch of the Government, The National Security Organization, A Report to the Congress, 1949 (Washington, D.C.: Government Printing Office, 1949), pp. 1-2.

²U.S. Statutes at Large, Vol. 63, part 1, (81st Congress, 1st Session, 1949), "National Security Amendments of 1949," Chapter 412, Sec. 11, p. 585, August 10, 1949.

the Marine Corps.¹

The designation of the highest level of financial management staff functioning within the Marine Corps as "Fiscal" rather than "Comptroller" or "Controller" was an unfortunate misnomer that has not been corrected. While there is a limit to the significance of a name, the substitution of a term generally used in the Marine Corps to describe mechanical record keeping and accounting for a term used to describe financial management has not added to the image of the Fiscal Division.

The reason for the name "fiscal" is now somewhat obscure. A Marine officer writing in 1969 gives two possible reasons. One is that the term "fiscal" connotes the collection, accounting, analysis, and dissemination of financial information for the use of a commander while "comptroller," on the other hand, connotes the collection, accounting, analysis, and dissemination of such information for control of a commander.² This reason might have had validity in 1953 when commanders were apprehensive about possible infringement of the financial manager on the prerogatives of the line commander.

The other reason given was the language of the 1949 amendments to the National Security Act. A comptroller organization is specified in the office of the Secretary of Navy, but

¹Brigadier General Edwin H. Simmons, USMC, "Budgeting in the Marine Corps," pp. 24-25.

²Lt. Col. H.J. Redfield, USMC, "Financial Analysis and Review in the Marine Corps," The Armed Forces Comptroller, XIV, No. 3, July, 1969, pp. 4-5.

no specific allowance is made for one at the Marine Corps level.¹ It may be that in the cost conscious days of 1953 Marine Corps planners wished to avoid any inference of duplicating the controller function established at the Secretary of the Navy level.

A look at the tables of organization for larger Marine units both in the operating forces and posts and stations will reveal that the principal financial staff officer is always designated "comptroller." In Marine Corps terminology "fiscal" is used in describing a strictly accounting function. Despite the somewhat confusing application of terms, it will be clearly shown that the controllership function is performed by the Fiscal Director of the Marine Corps.

Whatever the original reason for the term "fiscal," it has remained unchanged with the result that the term "controller" or "comptroller" is not applied at the Headquarters, Marine Corps level.

Developments after 1953

Brigadier General Edwin H. Simmons, Deputy Fiscal Director of the Marine Corps from 1967 to 1970 describes the progress made in the 1950's to develop a viable system of financial management.

Back in 1953 they took on the whole bag at once--performance budgeting, comptrollers, stock fund, industrial fund, field allotments--the whole business, although not all of these things were implemented immediately.

The Marine Corps established its stock fund on 1 July 1953. There are now over 400,000 items capitalized into the

¹U.S. Statutes at Large, Vol. 63, Part 1, p. 586.

fund. (The Marine Corps Industrial Fund did not really get underway until 1 July 1968 when the repair activities at the Marine Corps Supply Centers at Albany, Georgia, and Barstow, California, went on an industrial fund basis.)

By 1953 we were making allotments to field commanders; that is, operating funds were made to flow through the chain of command. In addition to having the responsibility for budgeting and accounting for these allotments, field commanders were given increased authority as to their use. The result was that field commanders had much more financial freedom of action than they ever had before.

In 1956 we established comptrollers at ten of the major Marine Corps commands. Since that time the number has grown until now every command of significant size has one.¹

In 1962 an unexpected event occurred which has had lasting significance for Marine Corps controllership. Upon re-assignment of the Fiscal Director, Major General H.C. Nickerson, the civilian Deputy Director, Mr. J.V. Wright, was made Director. Mr. Wright had been Deputy Director since the creation of the Fiscal Division. Mr. Wright is the only civilian to achieve such a high position in the Marine Corps hierarchy. He is the only civilian to head a general staff activity and a notable exception to the Marine Corps rule that comptrollers be unrestricted line officers.² It is interesting to note that the Commandant of the Marine Corps at the time of this appointment was General David M. Shoup, the first Fiscal Director and Mr. Wright's direct superior for three years.

There is no published reason for Mr. Wright's appointment. The table of organization for the Fiscal Division at Headquarters Marine Corps contains provision for either a civilian Director and a Brigadier General Deputy Director or a Major General

¹Simmons, "Budgeting in the Marine Corps," p. 25.

²Ibid., p. 26.

Director and a civilian Deputy Director.¹ This leads to the conclusion that at the time, Mr. Wright was considered the most capable individual available to fill the job and this was of sufficient importance to override the tradition of an all military general staff.

That a civilian is filling one of the two principal financial management positions in the Marine Corps is significant. It reflects recognition of the need for a thorough background in the technical aspects of financial management as well as a broad background of managerial experience.

Upon establishing functional controllership at various levels of command, the Marine Corps made it clear that the intent was not to create a corps of specialists in controllership. Directives were published specifying that controller billets would only be filled by unrestricted line officers and that such line officers would not be assigned two consecutive tours of duty in the area of financial management.² This policy is still in effect. Some of its ramifications will be discussed later in the paper.

While the structural changes in the Financial Management system have been relatively few and insignificant since 1953, there have been sweeping changes in the financial pro-

¹U.S. Marine Corps Table of Organization 5111, Fiscal Division, Headquarters Marine Corps, 23 December 1970, updated 20 January 1971, (Washington, D.C., 1970).

²U.S. Marine Corps Order 5450.2B, Organization and Functioning of the Staff in Financial Planning and Administration (Washington, D.C., 1962), pp. 2-3. (This order was cancelled August 14, 1968.)

cedures and techniques within the Department of Defense and the Marine Corps. A brief look at the major changes is required to bring one up to date.

Resources Management Program

The provisions of the amendments to the Security Act of 1947, which established controllership in the Department of Defense, were largely a result of recommendations of the first Hoover Commission Report. In 1955 the second Hoover Commission on Organization of the Executive Branch of the Government made a further examination of the Defense Department management practices. The Commission found that--

in the Department of Defense, effective fiscal management has been hampered by overdetailed and cumbersome allotment structures. The effect of trying to control operations through such a system places emphasis upon the ability of organizational units to expend no more than predetermined ceilings. The ability to live within such ceilings is no real gauge of performance. Accounting systems which disclose all costs are a prime requisite to effective management.¹

The Commission then made a series of major recommendations for changes in accounting and budgeting procedures.

-That the executive budget continue to be based on functions, activities, and projects but be redesignated as a "program budget." The program budget should be supported by information on program costs and accomplishments, and by a review of performance by organizational units where they do not coincide with program budget classifications.

-That the agencies take further steps to synchronize their organization structures, program budget classifications, and accounting systems.²

¹The Commission on Organization of the Executive Branch of the Government, Budgeting and Accounting: A Report to the Congress, June, 1955 (Washington, D.C.: Government Printing Office, 1955), p. 52.

²Ibid., p. 13.

-That for management purposes, cost-based operating budgets be used to determine fund allocations within the agencies, such budgets to be supplemented by periodic reports on performance.¹

-That Government accounts be kept on the accrual basis to show currently, completely, and clearly all resources and liabilities and the costs of operations. Furthermore, agency budgeting and financial reporting should be developed from such accrual accounting.²

Other noteworthy recommendations that were made by the Task Force on Budgeting and Accounting which were not included in the final report are:

-That, as a general policy, reliance be placed upon appropriate accrual and cost accounting techniques as a primary means for aiding the effective management of Government activities. The manner and extent to which funding devices are employed should be determined within the framework of the accounting systems so established.

-That in the Department of Defense the accounting procedures be revised to include military pay as an element of cost of support activities of an administrative or service nature.³

Some of these recommendations were adopted and enacted in 1956 in public law 863 amending the Budget and Accounting Procedures Act of 1950.⁴ Also at this time, Wilfred J. McNeil, the first Comptroller of the Defense Department, worked out a conceptual scheme he called a "Performance Type Budget" which provided the basis for most of the current concepts that are now applied. Unfortunately no comprehensive effort was made to relate these individual management systems to each other and

¹Commission on Organization of Executive Branch of Government, Budgeting and Accounting, 1955, p. 9.

²Ibid., p. 38.

³Commission on Organization of the Executive Branch of the Government, Task Force Report on Budget and Accounting, June, 1955 (Washington, D.C.: Government Printing Office, 1955), pp. 5-6.

⁴U.S. Statutes at Large, Vol. 70, part 1 (84th Congress, 2nd Session, 1956), August 1, 1956, ch. 814, p. 782.

to the overall management needs of the Department of Defense. The result was a proliferation of management systems with overlapping, gaps, conflicts, and widely varying degrees of usefulness.

When Robert N. Anthony was appointed Assistant Secretary of Defense (Comptroller) in the summer of 1965, he was asked by the secretary of Defense to make major changes in the programming, budgeting, and accounting systems within the Department of Defense.¹ The result was the Department of Defense Resource Management System. Resources Management Systems are defined as follows:

A. Resource Management Systems:

1. Resource management systems include all procedures for collecting and processing recurring quantitative information that (1) relates to resources and (2) is for the use of management. They also include procedures which are closely related to quantitative systems even though the systems may not themselves be primarily quantitative. Resources are men, materials (i.e., real and personal property), services and money.
2. This definition excludes all non-resources (e.g., intelligence, tactical doctrine, military justice), and all non-systems (e.g., one-time collections of controlled data, submission of experimental test reports, exchange of correspondence).
3. Resource management systems are ordinarily described in terms of the flow and processing of information, and the common denominator of this information is often monetary but the information may be non-monetary.
4. Resource management systems include, but are not limited to, the following:
 - a. Programming and budgeting systems:
 - b. Accounting systems;
 - c. Other systems for management of resources for operating activities:

¹U.S. Department of Defense, Office of Assistant Secretary of Defense (Comptroller), Office of Assistant Secretary of Defense Management Systems Development, A Primer on Project PRIME (Washington, D.C., 1966), p. 4.

- d. Systems for management of acquisition and disposition of inventory and similar assets;
- e. Systems for management of acquisition, use, and disposition of capital assets.¹

The stated objectives of the Resources Management

Program were:

- A. To provide managers at all levels within the Department of Defense with information that will help them assure that resources are obtained and used effectively and efficiently in the accomplishment of Department of Defense objectives.
- B. To provide information that is useful in the formulation of objectives and plans.
- C. To provide a means of assuring that statutes, agreements with Congressional committees, and other requirements emanating from outside the Department of Defense relating to resources, are complied with.

A key element of the Resources Management Program was to be that all Department of Defense approved plans were to be stated in the Five Year Defense Program (FYDP). All Planning, Programming, Budgeting, Accounting, and Reporting were to be in terms of the Five Year Defense Program.²

The Resources Management System and its most publicized subsystem, Programming, Planning, and Budgeting are terms that have grown quite familiar but are inexact and cloudy in terms of precise definition, scope, and implication. The Resources Management system should be considered as a viewpoint rather than a body of techniques. It is the view that the majority of the activities of the Department of Defense are concerned with the allocation of resources and that as such they should be subject to economic analysis and be capable of displaying

¹Department of Defense Instruction 7000.1, Resource Management Systems of the Department of Defense (Washington, D.C.: Government Printing Office, 1968), pp. 1-2.

²Ibid., p. 3.

available alternatives.¹

Resources Management involves four subsystems.

(1) Programming and Budgeting, (2) Managing the Resources of operating activities, (3) Managing inventories and similar assets, (4) Managing capital acquisitions.²

The part of the Resources Management System that has had great impact on Marine Corps Financial Management has to do with the second subsystem of the Resources Management System, "managing the resources of operating activities," and is known as project PRIME, the acronym for Priority Management Effort. The thrust of PRIME has to do with operating costs. Pieces of the whole are brought together by a single operating budget. This operation budget includes resources that are financed under more than one appropriation. The focus is on operating expenses; that is, resources consumed by a unit carrying out its mission under the Five Year Defense Program. The long range goal is to charge a unit with 100 per cent of the measurable expenses it incurs or are incurred by others in support of it.³

Project PRIME was originally scheduled to be implemented on 1 July 1967 for fiscal year 1968. It slipped one year and was begun on 1 July 1968. The advent of PRIME completes the recent history of Marine Corps controllership because it is the development of the PRIME system that is still on center stage.

¹U.S. Marine Corps Order P 7000.8, Managerial Applications of Project PRIME (Washington, D.C.: Government Printing Office, 1970), p. 3.

²Department of Defense Instruction 7000.1, p. 3-4.

³U.S. Marine Corps Order P 7000.8, p. 4.

CHAPTER III

FINANCIAL MANAGEMENT STRUCTURE IN THE MARINE CORPS

Within the Department of Defense, Marine Corps controllership begins on the third level of staff hierarchy beneath the Assistant Secretary of Defense (Comptroller) and the Assistant Secretary of the Navy for Financial Management/Comptroller of the Navy.¹ The Comptroller of the Navy, known as NAVCOMPT, makes specific provision for a comptroller organization within all subordinate activities including the Marine Corps. All financial management functions within the Marine Corps are conducted in accordance with regulations of the Comptroller of the Navy (NAVCOMPT).² Figure 1 shows the organization and responsibility assignment within the NAVCOMPT organization.

The establishment of comptroller organizations in the offices, bureaus, and field command of the Navy and Marine Corps is contained in the following policy statements:

POLICY:

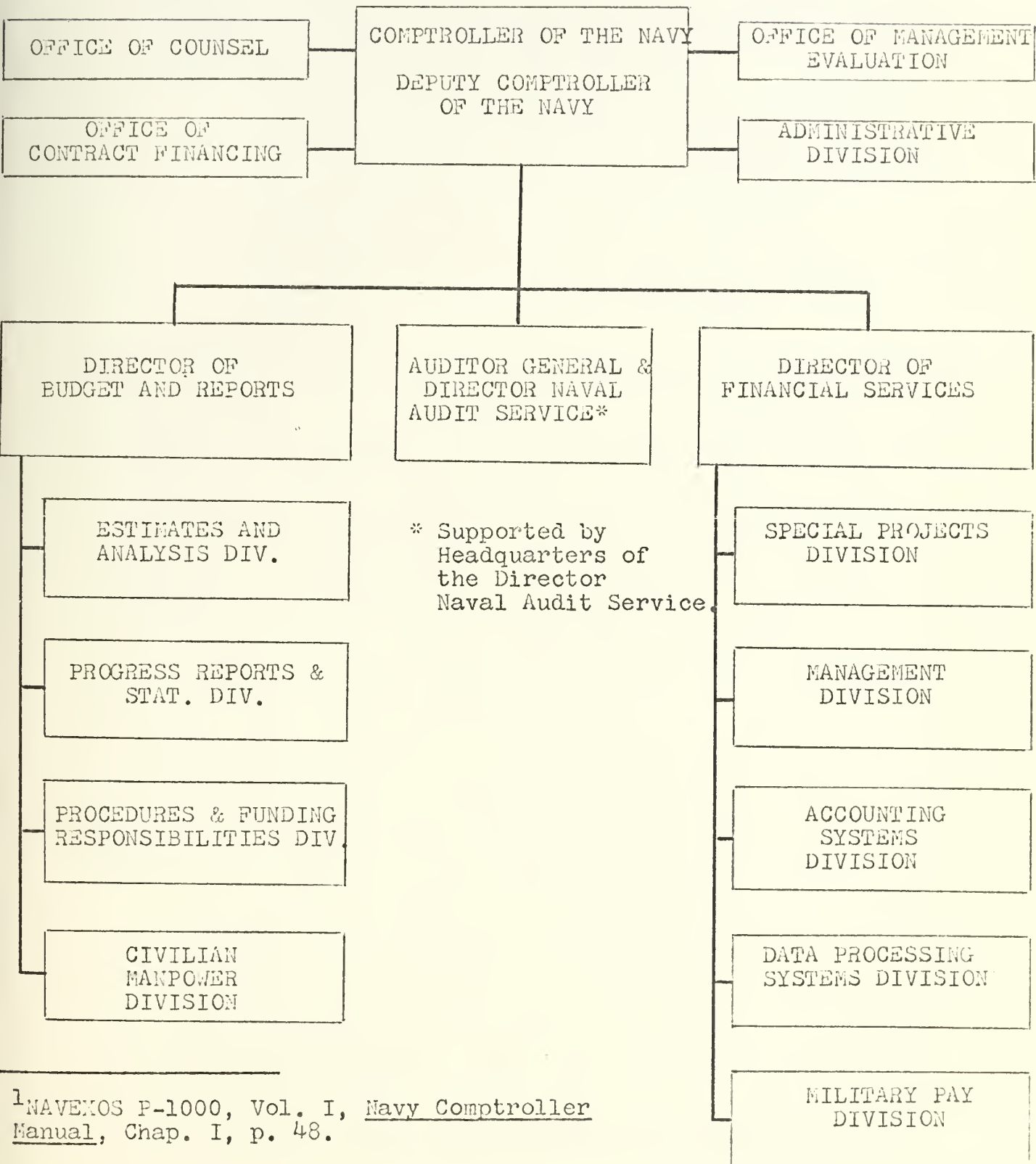
It is the policy of the Secretary of the Navy to establish comptroller organizations in all offices, bureaus, systems commands, Headquarters U.S. Marine Corps, and major field activities of the Navy and Marine Corps. For this purpose, field activities will be understood to include major administrative fleet and Marine Corps commands. Establishment of comptrollers to perform the functions described in this chapter is considered to be a major step

¹National Security Act Amendments of 1949, U.S. Code, Vol. X (1949).

²NAVEXOS P-1000, Vol. I, Navy Comptroller Manual (Washington, D.C.: Government Printing Office, 1966), pp. 2-4.

Figure 1¹

ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT)



¹NAVEXOS P-1000, Vol. I, Navy Comptroller Manual, Chap. I, p. 48.

towards improved financial management in the Department of the Navy as well as a direct service to command authority.

BASIC CONCEPT:

Except for internal audit as defined in paragraph 014100, most of the comptroller functions are being performed in varying degrees in all offices, bureaus, systems commands, and other field activities. The new elements introduced by the concept of comptrollership as it is practiced in the Department of the Navy are:

1. emphasizing the constructive aspects of the reporting, analysis, and interpretative functions as distinct from the purely recording functions;
2. improving budget formulation and execution through the collection and utilization of accounting and program data at all organizational levels;
3. coordinating and integrating the several comptroller functions to provide concisely to the commanding officer the basic data essential for efficient, economical, and effective management.

WHERE ESTABLISHED:

Comptroller organizations will be established in offices, bureaus, systems commands, and other field activities where the size, scope, and complexity of fiscal operations justify the need. The comptroller will make his maximum contribution to management in production and large service activities, such as shipyards, ordnance plants, supply centers, training centers, bases, Class A air stations, and in Military Sea Transportation Service headquarters. Comptroller organizations are not considered appropriate for field activities such as branch hydrographic offices, offices of inspectors of naval material, recruiting stations, naval net depots, area wage and classification offices, district records management centers, etc.¹

These statements were first formulated in the early 1950's but were updated and restated in 1966. While they do not reflect some recent changes, they remain the basic reference for the organizational structure and functional relationships of the financial staff within the Navy Department.

An important organizational point is that the internal audit function is not delegated to subordinate units. The audit function is performed by the Naval Audit service, a central organization directly under the Comptroller of the Navy

¹NAVEXOS P-1000, Navy Comptroller Manual, pp. 2-4.

with its own internal chain of command.¹

One last factor that should be noted in the organization of the Department of the Navy's financial structure is that the Navy differs from the Army and Air Force. The Comptroller of the Navy is the civilian Assistant Secretary of the Navy. While the Army and Air Force have civilian assistant secretaries for financial management, the Comptroller of those two services is a military officer on the staff of the Chief of Staff of the respective service. The difference can be attributed to the fact there are two co-equal services under the Secretary of the Navy. The result is that the Comptroller of the Navy is a civilian with a military deputy while the Comptroller of the other two services is a military officer with a civilian deputy.² The implication of this difference would require a detailed analysis beyond the scope of this paper. However, if there are significant implications they are not apparent.

Fiscal Division Headquarters Marine Corps

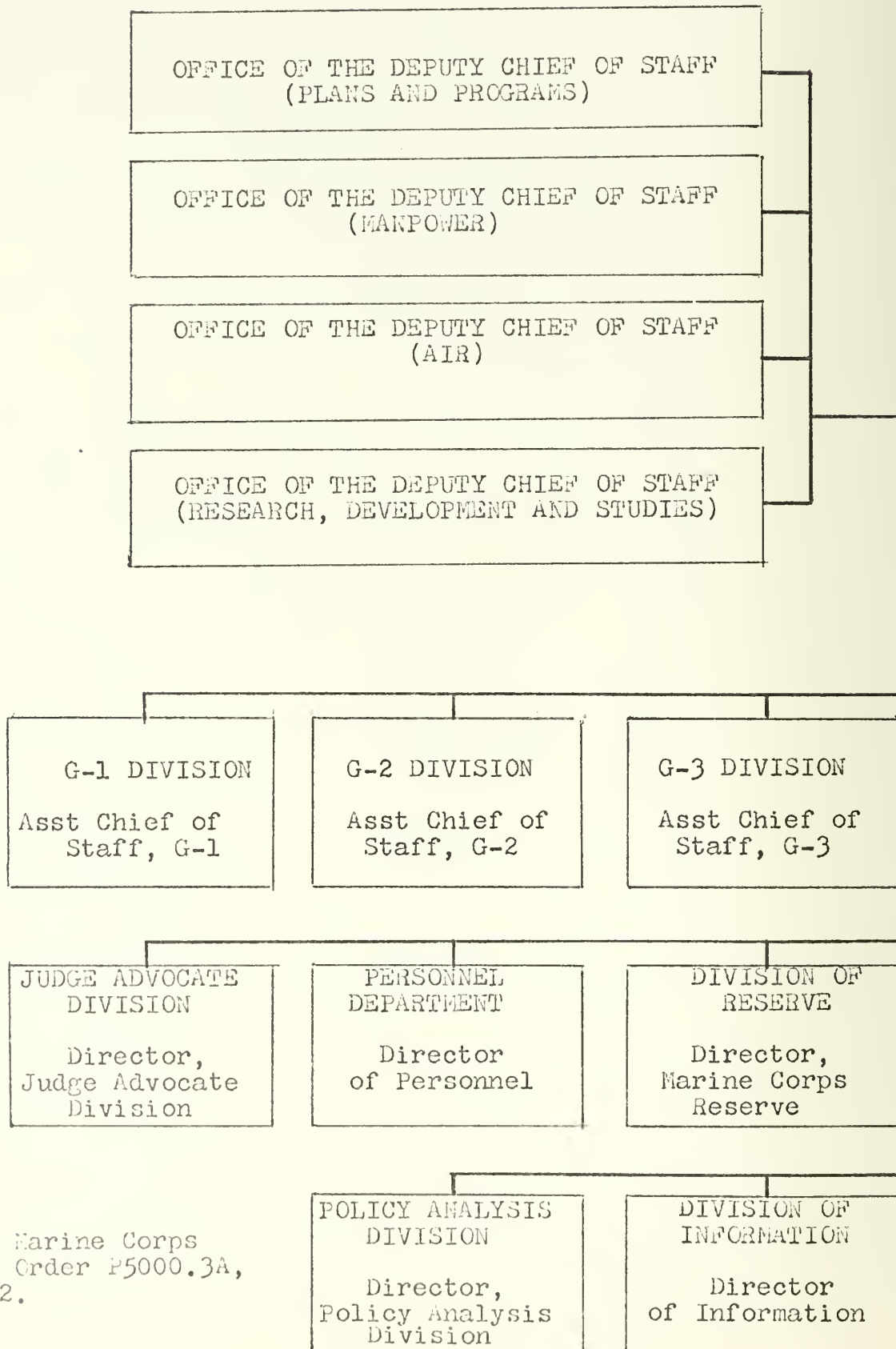
The controllership function for the entire Marine Corps is heavily centralized at Marine Corps Headquarters. The Fiscal Director is located at the general staff level and has co-equal status with the other principal staff officers. Figure 2 is the organizational chart of Marine Corps Headquarters. The Fiscal Director is at the same level as the G-1 (personnel),

¹NAVEXOS P-1000, Navy Comptroller Manual, Chap. 4, pp. 3-31.

²Office of the Assistant Secretary of the Navy (Financial Management), Financial Management in the Department of the Navy (Washington, D.C., February, 1970), p. 4.

Figure 2

HEADQUARTERS UNITED STATES MARINE CORPS¹



¹U.S. Marine Corps

Headquarters Order P5000.3A,
Chap. I, p. 2.

OFFICE OF THE COMMANDANT

Commandant of the Marine Corps
 Assistant Commandant of the
 Marine Corps
 Military Sec'y to Commandant
 Sgt. Major of the Marine Corps

MARINE CORPS BOARDS
 AND COMMITTEES

OFFICE OF THE CHIEF OF
STAFF

Chief of Staff
 Secretary of the General
 Staff

STAFF ASSISTANTS

Legislative Assistant
 Director, Systems
 Support Group
 Director of Women
 Marines
 Staff Medical Officer
 Staff Dental Officer
 Staff Chaplain
 Counsel for the
 Commandant of the
 Marine Corps

G-4 DIVISION

Asst Chief of
 Staff, G-4

FISCAL DIVISION

Fiscal Director

MARINE CORPS
 COMMAND CENTER
 Director,
 Marine Corps
 Command Center

SUPPLY DEPARTMENT

Quartermaster
 General

ADMINISTRATIVE
 DIVISION
 Director,
 Administrative
 Division

HISTORICAL
 DIVISION
 Director,
 Marine Corps
 History

INSPECTION
DIVISION

Inspector
 General

DATA SYSTEMS
 DIVISION
 Director,
 Data Systems
 Division

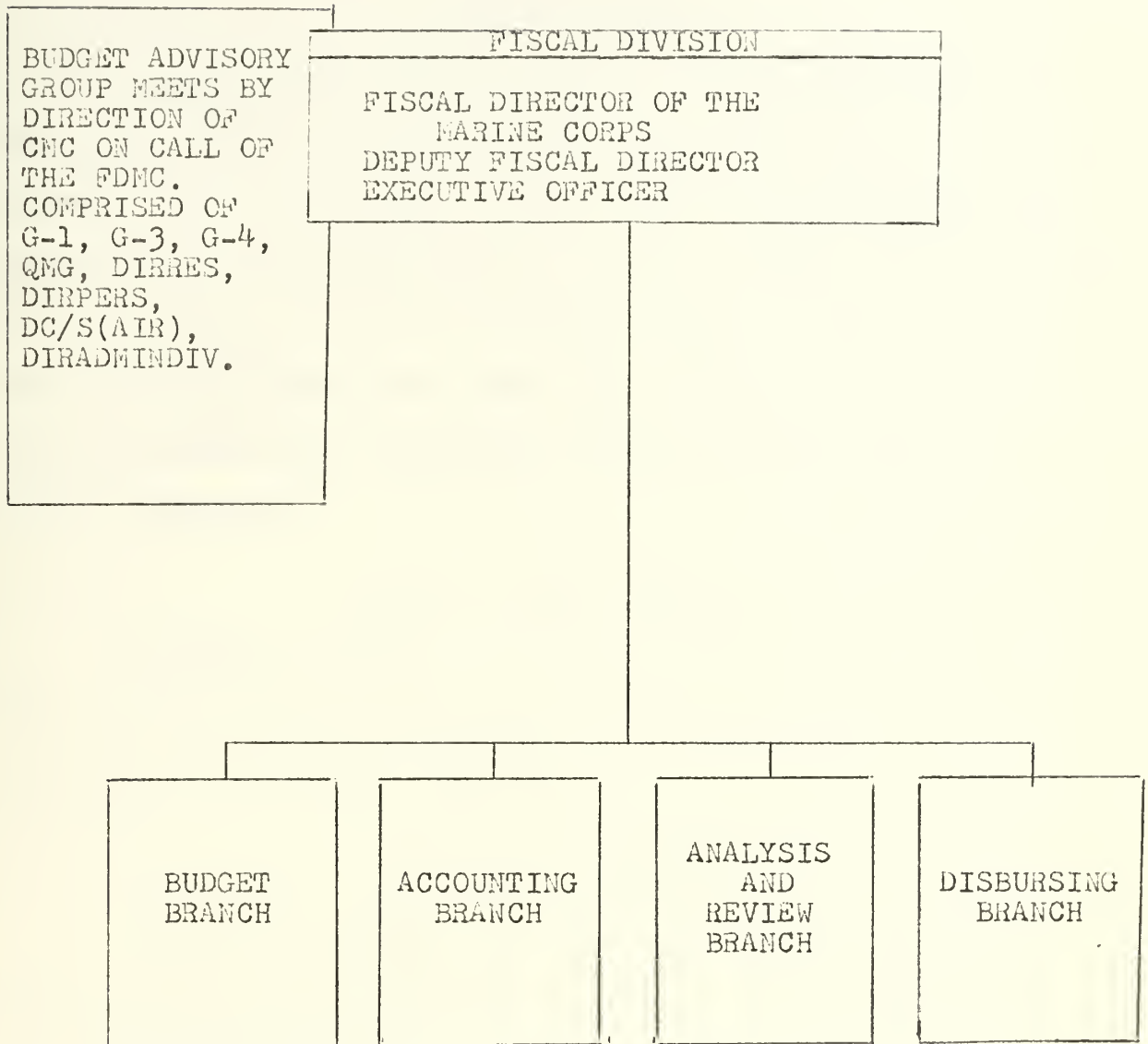
G-2 (intelligence), G-3 (operations and training), G-4 (logistics), and the Director of the Marine Corps Command Center. The G-1; 2, 3, and 4 have the designation of Assistant Chief of Staff, while the Fiscal Director does not. This is because the present Director is a civilian. It should be noted that there are also four Deputy Chiefs of Staffs, each of which has responsibilities in a designated area, but who are not in the direct line of staff functioning.¹

It is interesting to speculate how the Fiscal Director's civilian status affects his influence and relative standing as a staff officer. As the other four principal staff officers have the common background of rank and military experience, they are four of a kind and he is one of another kind. While numbers are against him, uniqueness may give him advantage. Certainly his long tenure has given him opportunity to develop a much greater amount of technical expertise in his area. While he is outside the natural camaraderie that exists among Marine officers, he is also free from the rigidity that the rank structure imposes on military relationships. It is certain that the influence of the civilian Fiscal Director rests to a large extent upon the personal prestige and ability of the individual filling the position.

Figure 3 is the organizational chart of the Fiscal Division of Headquarters Marine Corps. The organization is along functional lines and can best be described in terms of the

¹U.S. Marine Corps Headquarters Order P5000.3A, Headquarters Manual (Washington, D.C.: Government Printing Office, 1964), pp. 1-2.

Figure 3

FISCAL DIVISION, HEADQUARTERS MARINE CORPS¹

¹U.S. Marine Corps Headquarters Order P5000.3A, Chap. 6, p. 2.

mission assigned to the principal executive positions and subdivisions which are termed branches. A detailed description of the branches of the Fiscal Division is found in Appendix A.

Fiscal Director

Mission--The Fiscal Director of the Marine Corps is responsible to the Commandant of the Marine Corps for the formulation of fiscal policy and for fiscal and disbursing administration in the Marine Corps, to the end that fiscal and disbursing actions, policies, and procedures of the Marine Corps will be in conformity with law, good business practice, and applicable policies, procedures and regulations issued by higher authority.¹

Deputy Fiscal Director

Mission--To assist the Fiscal Director of the Marine Corps in all matters pertaining to the performance of the functions of the Fiscal Division.²

Executive Officer

Mission--To assist the Fiscal Director of the Marine Corps in all matters pertaining to the internal administration of the Fiscal Division.³

Budget Advisory Group

Mission--To provide counsel to the Fiscal Director of

¹U.S. Marine Corps Headquarters Order F5000.3A, pp. 3-6.

²Ibid., pp. 5-6.

³Ibid., pp. 5-6.

the Marine Corps on matters concerning the respective fields of responsibility of the members of the Budget Advisory Group as they affect the financial management of the Marine Corps.¹

Budget Branch

Mission--To assist the Fiscal Director of the Marine Corps in formulating, justifying, and executing the Marine Corps Budget.² The Budget Branch has two administrative sections and four operating sections. The functions of each section are summarized below.

Plans and Review Section, Budget Branch: The functions of this section can be grouped under the following areas:

1. Reviews, documents, and recommends improvements in systems and procedures employed in accomplishing Budget Branch functions.
2. Reviews directives from higher authority and recommends necessary action to comply with such directives.
3. Conducts and coordinates special studies and reports.
4. Develops input material, records and analyzes testimony by Marine Corps witnesses before congressional appropriations committees.

Personnel Section, Budget Branch: This section is concerned with appropriations, "military personnel, Marine Corps," "Reserve Personnel, Marine Corps," and Marine Corps portions of the Department of Defense "Claims" and "Retired Pay" appropriations.

¹Ibid., pp. 6-7.

²Ibid., pp. 6-9.

Budget Operations Section, Budget Branch: This section provides special staff assistance to the Head, Budget Branch, in his functions in support of the O&MMC Budget processes of "Budget Formulation," "Budget Justification," and "Budget Execution." It also provides support of this type for functions performed in support of the CMC portion of O&M Navy. Coordinates the formulation and justification of the "operating budget" plans and supporting submissions under the concepts of Project PRIME of the Resources Management Systems. Assists the Head, Budget Branch, in the technical supervision of the fiscal aspects of the Marine Corps Stock Fund and the Marine Corps Industrial Fund.¹

Procurement Section, Budget Branch: This section assists the Head, Budget Branch in the formulation, justification, and execution of budgets for appropriation "Procurement, Marine Corps" and those "Research, Development Test and Evaluation, Navy (RDT&E,N)" and "Other Procurement Navy (OPN)" appropriations for which the Commandant of the Marine Corps has budget responsibility.²

Accounting Branch

Mission--To advise and assist the Fiscal Director of the Marine Corps in all matters pertaining to the performance of the fiscal, cost, plant, and stores accounting and reporting available to the Marine Corps.³

¹Ibid., pp. 6-12.

²Ibid., pp. 6-13.

³Ibid., pp. 6-15.

Procedures Section, Accounting Branch: This section is concerned with the study and evaluation of accounting procedures.

Financial Accounting Operations Section, Accounting Branch: This section maintains the accounts of the Marine Corps.

Analysis and Review Branch

The mission is to prepare analyses of Marine Corps plans and programs required by the Commandant of the Marine Corps to ensure efficient financial management of the Marine Corps; to provide staff coordination for General Accounting Office, Department of Defense, and Naval Audit Service audits, and management surveys of Marine Corps activities; to coordinate staff action on the fiscal aspects of the Five Year Defense Program and the Marine Corps International Balance of Payments Program; to implement and administer the Selected Acquisitions and Information Management System (SAIMS) as it relates to the Marine Corps; to provide the Commandant of the Marine Corps and other staff offices with a centralized cost analysis capability for the internal evaluation and correlation of plans and programs; to evaluate or validate Marine Corps cost information used in DOD cost models; and to conduct special projects as the Fiscal Director may direct.¹

The Analysis and Review Branch has three sections which are described along with their principal functions below:

Management Analysis and Review Section, Analysis and Review Branch: This section prepares analyses, in coordination

¹Ibid., pp. 6-18.

with Accounting and Budget Branches, of financial aspects of various plans and programs proposed by Headquarters Marine Corps divisions and field commands and activities which do not fit into the fixed-term categories.¹

Program Analysis and Review Section, Analysis and Review Branch: This section manages the financial aspects of the DOD Programming System as contained in the Marine Corps portion of the Five Year Defense Program (FYDP), assists Program coordinators in the costing of program change proposals, analyzes the Marine Corps Program input to the system, and reviews the output results.²

Cost Analysis and Review Section, Analysis and Review Branch: This section serves as the central office for the implementation, modification, and operation of the Marine Corps Force Structure Cost Model (MCFSCM). It validates cost factors and data employed in DOD cost models in which the Marine Corps is a respondent. It develops and maintains, in conjunction with the Data Systems Division, an ADP central cost data library for the storage and retrieval of cost information and factors in support of the MCFSCM and other cost models.³

Disbursing Branch

Mission--to administer, coordinate, and supervise the disbursement of Marine Corps Funds.⁴

¹Ibid., pp. 6-19.

²Ibid., pp. 6-20.

³Ibid., pp. 6-21.

⁴Ibid., pp. 6-24.

From this brief description it is apparent that the controllership organization at the Headquarters can be aptly described as large, precisely organized, and comprehensive in the range of its functions.

Controllership at Field Level

This concentration of functioning at the highest level simplifies controllership at the lower level. The controllership staff function is three-tiered in the operating forces and two-tiered in all other areas. Within the operating Forces, there is a controller assigned to the staff of each of the two Fleet Marine Force Commanders and also at the next lower level (Division, Air Wing, and Force Troops). At all other posts, stations, and activities having a controller the controller's staff relationship is directly with the Fiscal Director of the Marine Corps.

The emerging organizational structure is relatively flat and top heavy, especially in the operating forces. Certain activities such as large bases and industrial activities engaged in activities similar to those of the private sector have larger accounting staffs and a well developed hierarchy within the controller department.¹

To gain some insight into controllership on the lower level, an examination of several typical organizations will be helpful. Headquarters, Fleet Marine Force Pacific, which has command over roughly two-thirds of Marine Corps operating

¹U.S. Marine Corps, Table of Organization 7001, Headquarters Personnel/Administration, Marine Corps Supply Center, Albany, Georgia, of 2 June 1969 updated 23 Dec 1970, (Washington, D.C., 1970).

forces including those deployed in the Western Pacific, has a Colonel controller with a staff of six officers and ten enlisted men. The section is sub-divided into three sub-sections, Administrative, Budget Analysis, and Statistical.¹

The next lower level, a Marine Division typically has a controller of Colonel rank as a principal staff officer. In the Second Marine Division are four officers and eleven enlisted men. This unit is subdivided into a Budget and Analysis Division and an Accounting Unit.² The figures do not include disbursing personnel who in the Fleet Marine Force are almost entirely concerned with military pay matters. The Marine Corps Supply Center, which is an Industrial Fund activity, has a Lieutenant Colonel comptroller, a GS 14 civilian deputy, and a total staff of three officers, two enlisted men, and sixty two civilians. The section consists of an Internal Review and Special Project Branch, a Budget Reports and Statistical Branch, and an Accounting Branch. Additional personnel in the Disbursing Section are primarily occupied with accounting functions.³

The total organization and structure of the controller-ship function is to some extent the logical result of the appropriations system. The Marine Corps has had four direct appro-

¹U.S. Marine Corps, Table of Organization M4928, Force Headquarters, Headquarters and Service Battalion, Fleet Marine Force Pacific of 24 Feb 1966, updated 20 Jan 1971, (Washington, D.C., 1966).

²U.S. Marine Corps, Table of Organization M 1986, Division Headquarters, Headquarters Company, Headquarters Battalion, Marine Division, Fleet Marine Force, of 22 June 1967 updated 23 Dec 1970, (Washington, D.C., 1967).

³U.S. Marine Corps, Table of Organization 7001.

priations under the traditional budget format. These are Military Personnel, Marine Corps; Reserve Personnel, Marine Corps; Operations and Maintenance, Marine Corps; and Procurement, Marine Corps. In addition there are pieces of Navy Operation and Research and Development appropriations that are allocated to the Marine Corps. There is also the Marine Corps share of such Department of Defense appropriations as Family Housing and Retired Pay.¹ With minor exceptions only the Operations and Maintenance, Marine Corps, is budgeted and accounted for on the field level. This situation in itself dictates that a large share of the comptroller function must be performed on the Headquarters level.

¹Brigadier General Edwin H. Simmons, USMC, "Planners, Programmers, and Budgeteers," The Federal Accountant, XVIII, No. 3 (September, 1969), pp. 45-46.

CHAPTER IV

THE CURRENT STATE OF MARINE CORPS CONTROLLERSHIP

Controllership in the Marine Corps cannot be discussed without frequent reference to the private sector. Allusions are also made to the concept of controllership in a general sense without association with a specific environment. For this reason a brief look at the development of the controller concept in the United States will be informative:

Growth of the Controller Function.--

Controllership represents one of the most important organizational developments since the turn of the century. While the term controller or comptroller occasionally appeared in private business and in government as early as 1778, it was not applied in anything like its present meaning until 1880. At that time the Atchison, Topeka and Santa Fe Railway System dubbed the chief accounting officer of each of its three operating subsystems "comptroller." However, they were under a single higher officer called "general auditor." General Electric established the first industrial controllership in 1892 and Consolidated Edison the first one in a utility in 1900.

Originally the controller was the chief accounting officer and handled more or less routine matters while some other

top executive decided matters of accounting policy. Since World War I there has been a growing realization by management that the chief accounting officer (controller) must have a highly specialized knowledge, both of organization and accounting matters, and he must participate in solving the major problems of accounting theory and procedure.

While more and more firms established controllership and the controllership function continually expanded, its acceptance is by no means universal. A survey made in 1949 of 195 representative corporations revealed that 52 did not have a controller at all, and among those which did, there was great diversity in the controller function.¹

Nowhere has the term controller been used with less consistency than in government. The term has been applied to various auditing and accounting functionaries for almost 200 years. The Comptroller General of the United States was created in 1921 to head the General Accounting Office. While the function of the General Accounting Office has varied over the years, it is still primarily an audit agency, and the use of the term "comptroller" in regard to its chief officer is misleading.

In 1933 the Tennessee Valley Authority designated the chief financial officer as the "comptroller" and other government agencies and corporations have followed that lead.² Today the accepted definition of "controller" and "controllership" is

¹Thornton F. Bradshaw and Charles C. Hull, Editors, Controllership in Modern Management, sponsored by Controllership Foundation, Inc. (Chicago, Ill.: Richard D. Irwin, 1950), pp. 11-17.

²Ibid., pp. 17-28.

substantially the same in government as in the private sector with the notable exception of the Comptroller General of the United States.

Despite the late start of controllership and a continuing lack of uniformity in its practice, there has been considerable agreement on the part of scholars and experts as to what the general functions of controllership should be. The traditional view of a controller's functions is found in a survey conducted in 1944. Controller functions are divided into four general areas:

(a) The accounting function, including the corporate, general financial, and cost-accounting operations, together with the methods and systems activities embracing the design, installation, and custody of all accounting books, records, and forms, and the coordination of the clerical and office systems and facilities throughout the company;

(b) The auditing function, including the establishment and maintenance of internal controls, the audit of receipts and disbursements, general internal auditing, and the general relationship with the company's public accountants:

(c) The tax function, including the assembly of information and the preparation of returns for income, excise, and payroll taxes, and the general relationship with tax agents and auditors; and,

(d) The interpretative function, including the preparation, analysis, and explanation of financial facts, figures, and statistics to assist the directors, officers, and general management of the company in the formulation of plans and policies, the measurement of results, or for other purposes of internal or external use.¹

The preceding quote can be considered as representing the "old view." The forward looking" view extends the accounting function to its management application. Current writers emphasize the importance of the right perspective and attitude

¹Jackson, The Comptroller, pp. 20-21.

in controllership. They say the controller's attitude should be such that he energizes and vitalizes financial data by applying it to future company activities. The controller viewpoint should be in effect the management viewpoint.¹

In examining controllership in the private sector, it is necessary to take into consideration the structure of the Finance function. In most large corporations there are as many as three members of the top management group principally concerned with finance. These are the treasurer, the controller, and a senior officer, usually the vice president in charge of finance. In addition there is frequently a financial committee of the board of directors.²

In the private sector specific financial functions vary greatly from firm to firm. A typical traditional view is that the treasurer is largely responsible for obtaining capital from external sources and for physical possession and management of the cash, valuables, and property of the firm. The latter is usually referred to as the "custodial function." The controller is charged with maintaining the company's financial health through "inspection" activities, accounting and auditing. The controller "controls" the disbursement of money so that it is used honestly, efficiently, and according to previously determined policy. The Vice President of Finance is most often a policy-making manager who forms a link between other top company

¹Heckert and Willson, Controllership, p. 11.

²American Management Association, The Financial Manager's Job (New York: American Management Association, Inc., 1964), p. 9.

managers and the financial activities.¹

Comparing this structure to that of the Marine Corps, we see just that in the Marine Corps there is no treasurer and no real need for one. As all funds come from one source, government appropriations, there is no need to obtain outside capital. The custodianship of cash and negotiable instruments usually associated with the treasurer is performed by the Disbursing Officer. While the Disbursing Officer is under the staff cognizance of the controller,² he is financially accountable to the Marine Corps Finance Center at Kansas City, Missouri.³ This arrangement permits the necessary separation of control and accountability.

There is a trend in industry that indicates more functions are being transferred from the treasurer to the comptroller. There is an increasing tendency to regard the controller rather than the treasurer as the principal operating financial officer.⁴

Qualifications for Controllershship

At least as important as the concept of controllershship is the controller himself. His background, experience, and over-

¹Ibid., p. 10.

²U.S. Marine Corps, Fleet Marine Force Manual 3-1, Rev. Command and Staff Action (Quantico, Va.: Marine Corps Development and Education Command, 1969), p. 36.

³U.S. Marine Corps, Headquarters Order P5000.3A, Headquarters Manual, pp. 6-24.

⁴American Management Association, The Financial Manager's Job, p. 15.

all qualification for the job must be examined.

In his book on the subject, T.F. Bradshaw describes a well-qualified controller in terms of three basic roles he must play in making his contribution to firm management. First he is a production manager in his own department. He produces accounting and statistical records and the efficiency with which he does this is an important gauge of his total qualification. Second, he is a staff executive who must effectively convey to operating management the facts and figures needed for making decisions and controlling the operations of the business. Third, he is a coordinating agent. As the officer with knowledge of facts and figures emanating from all corners of the business, he supplies the information from which the president can relate the efforts of each segment of the business to the objectives of the whole. This is accomplished by personal contact, persuasion, formal reports, or participation on boards or committees.¹

Bradshaw describes the man who can fill these roles as having an orderly mind, the ability to distinguish the important from the unimportant, possessing objectivity and patience, inspiring confidence, and perhaps most important, he is a good salesman.

In addition to these personal qualities, he needs certain skills and abilities. First he needs a knowledge of the functioning of all the departments of the firm. He must know

¹Thornton F. Bradshaw, Developing Men for Controllership (Boston, Mass.: Division of Research, Graduate School of Business Administration, Harvard University, 1950), pp. 11-17.

their interrelationship and objectives as well as their central points and future needs. He needs to have administrative ability. He must be able to exert influence in the organizational structure and to be able to get things done through people. He must have specialized skill and knowledge of accounting, statistics, and other figure know-how.¹

In his 1960 survey on controllership, Clifford Hutton asked executives to evaluate four skills relating to controllership. The results of the survey were that the executives considered the skills to be essential in the following order:

| <u>Skill</u> | <u>Per cent of Executives Classifying as Essential</u> |
|-----------------------|--|
| Organizational skill | 79% |
| Communications skill | 73% |
| Technical skill | 70% |
| Human relations skill | 58% |

In the same survey other "general" qualifications considered essential to controllership were ranked. The leading ones are shown below in the order ranked.

Analytical ability
 Character
 Common sense
 Mental acuity
 Objectivity
 Leadership
 Emotional maturity
 Dependability¹

¹Ibid., pp. 18-19.

²Clifford E. Hutton, Controllership Function and Training (Austin, Texas: The University of Texas, 1962), pp. 72 and 78.

Despite major differences between the Marine Corps and private industry, an examination of the Marine Corps control-
 lership in terms of Bradshaw and Hutton's qualifications yields
 some interesting results. Quoted below is a Marine Corps
 order of which the subject is "Organization and Functioning of
 the Staff in Financial Planning and Administration."

Assignment of Officers in Fiscal Fields:

a. It is the policy of the Commandant that no "corps
 of comptrollers" be created in the Marine Corps. To prevent
 the inadvertent development of such a "corps," no unrestricted
 officer will be assigned to fiscal billets consecutively
 to the exclusion of assignment in other fields, merely on
 the basis of prior experience. While it is recognized that
 this policy may not promote the maximum development of
 technical skills in financial management, the Marine Corps
 will derive greater value by assigning as comptrollers offi-
 cers with broad staff and command experience in operating
 programs, problems, and general administrative responsibili-
 ties. In the assignment of officers to comptroller duties,
 commanders should not place undue emphasis on an officer's
 facility in accounting procedures as an indication of suit-
 ability for the broader responsibilities of duty as a
 Comptroller.

b. The billets of comptroller, and of fiscal officer
 at commands not requiring a formal comptroller organization,
 should be assigned to an unrestricted line officer who,
 at a future date may have to exercise command. At commands
 required to have a formal comptroller organization, the
 fiscal officer may be a Limited Duty Officer/Warrant Offi-
 cer.

c. Duty as comptroller will be assigned as primary
 duty. Duty as fiscal officer may be assigned either as
 primary duty, or as additional duty in keeping with the
 local fiscal workload.¹

It is plain from this that the Marine Corps emphasis
 during the 1960's was on broad operational experience and a gen-
 eral type of administrative ability rather than on technical
 knowledge in the finance field. To appreciate the logic in this
 policy it is necessary to review some of the characteristics

¹U.S. Marine Corps Order 5450.2B, Organization and Func-
 tioning of the Staff in Financial Planning and Administration,
 pp. 2-3. (This order was cancelled August 14, 1968).

of Marine Corps finance before 1968.

Financial management consisted mainly of a rather restricted form of budget planning and allotment accounting. These functions are only a small segment of the scope of financial management in the private sector. It was a valid assumption that an intelligent officer with a broad knowledge of military operations could gain a sufficient grasp of the technical details underlying his particular job to function effectively. It was considered to be of greater importance that he have the ability to visualize the full implication of financial expenditure than to have extensive background in the technical aspects of allotment accounting.

A long term benefit of Marine Corps policy was the experience that individual officers gain from controller positions. By limiting controller positions to unrestricted line officers, it is assured that a certain number of ex-controllers, who eventually succeed to high rank and important command position, will have had the ultimate financial management experience of having been a controller.

The arrival of the Resources Management System and Project PRIME in 1968 began a process by which both the complexity and the importance of the Comptroller function began to expand at an accelerating rate. The idea that a controller can function without technical knowledge may no longer be valid.¹

The principal prerequisite for a Marine Officer to be

¹Colonel Roscoe L. Barrett, USMC, "Financial Management Education in the Marine Corps," Armed Forces Comptroller, XIV, NO. 1 (Jan., 1969), p. 24.

comptroller is postgraduate training in financial management. The main source of this training is the Navy Graduate Financial Management Program at George Washington University.¹ Unrestricted officers are assigned to this course at the rate of a maximum of nine per year. In the Marine Corps there are currently 57 positions in the financial management area which require graduate level education. Of these, 28 are controllers; the others are assistant controllers, financial analysts, budget officers, and other similar positions. There are presently about 96 officers in the Marine Corps possessing postgraduate training in finance. It is estimated that 2.4 officers are required for each position in order to ensure that all positions are filled at all times. This rather high figure is the result of the policy of not assigning officers to two consecutive tours of duty in the financial field. There is a "bank" of 96 where one of 137 is required indicating a significant shortage. Undoubtedly there are officers without the educational requirement with considerable controller experience who fill the gaps to some extent.²

As to whether these officers meet the personal qualities described by Bradshaw, it is significant that only officers with proven ability in their primary occupational field and with prospect of advancing to higher rank are likely to be selected for postgraduate training. Officers who desire postgraduate

¹Ibid., pp. 24-25.

²Major John P. Caynak, USMC, interview, plans Officer, Plans Distribution and Receiving Unit, Officer Assignment Section, Assignment and Classification Branch, Personnel Department, Headquarters Marine Corps, Washington, D.C.

training make application, and a special board chooses those who are considered best qualified.¹ Such a system automatically assures that the officers available for controller billets are of generally high quality. An additional degree of judgment is applied to a controller's qualification when he is assigned to a specific controller position. The Commander has final say on staff assignments and has the option of refusing to assign an officer as controller if he does not think him qualified. This prerogative is less meaningful than it might be because it is not likely that a commander would have more than one qualified officer available to be a controller.

This points up an important difference between the Marine Corps situation and that of the private sector. A private firm would exercise great care in selecting a controller. They would have the option of choosing from among the personnel available within the firm or hiring an outsider from another firm in the same industry or from a public accounting or consulting firm.

In the Marine Corps most officer personnel assignments including those to controller positions are made centrally at Headquarters Marine Corps on the basis of providing an officer with the established prerequisites of rank, occupational specialty, and special education to fill open positions. No consideration is given to the personalities involved and very little to the specific nature of the officer's previous experience.

The overriding factor is who "happens" to be available

¹U.S. Marine Corps Order 1520.9B, Special Education Program (Washington, D.C., 16 May 1969).

to fill the position that "happens" to be open. This situation is inevitable in a military organization as large as the Marine Corps and is not likely to change. Its significance to this study is that it results in a situation of the Commander having very little control of who his controller will be.

While the Marine controller is a high quality individual with an adequate formal education, he is likely to be deficient in technical experience. Officers assigned to the Navy Graduate Financial Management Program are in the mid-period of their careers. The average amount of commissioned service upon graduation is about 12.5 years. These officers could be expected to remain in the service from seven to seventeen years depending on the success of their careers and their choice of retirement dates. Under current policy, only one half of this time would be in financial management.

The amount of experience in finance that the officer would have prior to entering graduate school will vary with the individual, but it would probably range from zero to "little." On the other hand, most controller billets are for the rank of colonel,¹ and an officer could be expected to have had one to two assignments in the financial management field prior to being assigned as controller.

In terms of what Mr. Bradshaw considers as specialized skill and knowledge, the Marine Corps controller is likely to be deficient. In view of the direction of Financial Management, this deficiency is apt to grow larger. A possible compensating

¹Major John P. Caynak, USMC, interview.

factor may be that the ever-increasing emphasis on financial matters at all levels of command will make all future Marine officers more conscious of financial matters and probably more experienced at an early stage of their careers than the current generation of controllers.

Another pertinent consideration is the amount of technical expertise to be found within individual controller organizations. Marine Corps units not in the Fleet Marine Force normally have a civilian assistant or deputy controller.¹ Such an individual would provide an "in depth" knowledge of the accounting system and intimate acquaintance with the vagaries of the local situation.

In the operational units of the Fleet Marine Force, the organization is more shallow and is restricted to military personnel. Officer positions other than the comptroller's are designated by the occupational specialty 3415, Financial Management Officer, and 3406, Financial Accounting Officer.²

The 3415 is an "additional" occupational specialty. That is, the officer has some other primary occupational specialty and has been assigned the additional because of some unspecified amount of experience in the financial management field. Officers may or may not be assigned on the basis of an additional occupational specialty. It serves as a "skill identifier" to be used by his command to identify those officers with

¹U.S. Marine Corps, Table of Organization 7001; and U.S. Marine Corps, Table of Organization 7511.

²U.S. Marine Corps Order PL200.7A, Military Occupational Specialty Manual (MOS Manual) (Washington, D.C.: Government Printing Office, 1967).

experience in financial management.¹ The amount of technical knowledge that an officer with an additional occupational specialty of 3415 would possess could vary from one extreme to the other.

Financial Accounting Officer, 3406, is a primary occupational specialty. Officers with this occupational specialty range in rank from warrant officer to Lieutenant Colonel. There are currently fifty eight officers with MOS 3406 available to fill fifty six positions. Most of these officers are limited duty officers who may not be assigned in any other field. They often spend an entire career in the accounting field and are technical experts in every sense of the word. However, their area of expertise may not extend past the rather narrow limits of accounting.²

The conclusion to be reached then is that Marine controllers have varying amounts of technical expertise within their individual organizations. In non-Fleet Marine Force organizations the controller is apt to have a highly competent civilian assistant. In the Fleet Marine Force he will have a certain undetermined amount of expertise in his organization. In comparison to the private sector he is probably worse off in this respect than his civilian counterpart.

¹Major R.A. Courtemache, USMC, interview, Supply Monitor, (Including occupational field 3400), Officer Assignment Section, Assignment and Classification Branch, Personnel Department, Headquarters Marine Corps, Washington, D.C.

²Ibid.

Impact of Project PRIME

In Chapter II Project PRIME was discussed in terms of its historical context as a milestone in the evolution of Marine Corps controllership. It is now appropriate to examine the PRIME concept in more detail, to analyze the changes it has brought about, and to speculate on its future potential as a tool of controllership.

It has already been stated that the aim of Project PRIME represents a change of emphasis from control of obligations to a focus on operating expenses to determine the cost of operating an activity in terms of the total resources consumed. PRIME's focus on operations is paramount. It includes in one operating budget resources that are financed under the two operating appropriations, Operations and Maintenance, and Military Personnel, and it excludes resources of the construction and procurement appropriations which are of an investment nature rather than an operating expense.¹ The inclusion of the military personnel appropriation as an expense to be applied to the various operative programs is the single most visible and most discussed change resulting from PRIME and its implications will be discussed later in more detail.

The PRIME accounting system can best be described in terms of its four major characteristics:

1. It is based on the familiar double-entry system of accounts. For each entry there must be a corresponding

¹U.S. Marine Corps Order P7000.8, Managerial Applications of Project PRIME (Washington, D.C.: Government Printing Office, 1970), pp. 1-3.

"balancing" entry that results in an equal total amount for both debit and credit entries and a "balanced book" result.

2. It uses the accrual basis of accounting. Expenses are recorded when incurred rather than when formal obligation to pay is made.

3. It provides for a complete system of internal control.

4. It provides for the integration of cost accounting records with the general books of account. That is, one chart of accounts provides for both accounting for the integrity of annual appropriations and provides all needed information for management, control, budgetary review, and internal and external reporting.¹

Any novice accountant will recognize that these concepts are standard procedure in the private sector and are only new in the sense they are new to the Marine Corps.

The foundation of the accounting and budgeting functions of Project PRIME are built on the ten programs of the Five Year Defense Program.

Foundation of PRIME

The accounting and budgeting functions of Project PRIME are built upon the ten program (FYDP).

0. Support of other nations
1. Strategic Forces
2. General Purpose Forces
3. Intelligence and Communications
4. Airlift/Sealift
5. Guard and Reserve Forces
6. Research and Development
7. Central Supply and Maintenance
8. Training, Medical and other General Personnel Activities

¹Ibid., pp. 1-2.

9. Administration and Associated Activities

These ten programs of the FYDP are further subdivided into approximately 1100 program elements, 13 functional categories and 18 expense elements. Such breakdowns provide information as follows:

- 1100 program elements (Identifies smallest item of military output controlled at DOD level.)
 - ... Who is consuming the resources:
 - Marine divisions?
 - F-4 squadrons?
 - Base operations? etc.
- 13 functional categories (Identifies the type of activity within a program for which expenses are incurred.)
 - ... Why are the resources being consumed?
 - Mission Operations?
 - Operation of utilities?
 - Medical operations? etc.
- 18 expense elements (Identifies the nature of resources consumed at an activity, i.e., input.)
 - ... What kinds of resources are being consumed?
 - Aircraft POL?
 - Transportation of things?
 - Equipment? etc.¹

It can be seen that the Five Year Defense Plan is arranged to provide a match between program elements and types of organizational units. Functional categories, elements of expense, and cost accounts from the accounting system provide the segregation of cost to the matching of operations with organizational units.²

Project PRIME provides a large amount of management information similar to that available to managers in private industry. There are five required reports under the PRIME system which must be submitted to higher Headquarters.

1. NAVCOMPT 2168 Operating Budget/Expense Report.
2. NAVCOMPT 2169 Performance Statement Report.

¹U.S. Marine Corps Order P7300.9B, Financial Guidebook for Commanders (Washington, D.C.: Government Printing Office, 1969), p. 4.

²Ibid., p. 4.

3. NAVCOMPT 2170 Expense Operating Budget Financial Report.
4. NAVCOMPT 2171 Functional Category/Expense Element Report.
5. NAVCOMPT 2182 Military Service Report.

Samples of these reports are contained in Appendix B. These reports are interrelated and are intended to provide useful managerial information and controls at successive echelons of command.¹

From the basic data available on the PRIME system, a variety of reports may be designated to serve local needs. In many ways the value of PRIME as a management tool will depend on the ability and success of a commander and his staff in local use of PRIME data.²

Any discussion of the managerial applications of Project PRIME on the local level must take into consideration that even in a homogeneous organization like the Marine Corps there is a wide divergence in the mission and character of operations of different types of units.

A Marine Division is an infantry unit. Its mission is to provide a trained and ready combat force. Its approach to support and logistics is primarily from a customer view.

A Marine Corps Base command is essentially a service organization. It manages schools, housing, public utilities,

¹U.S. Marine Corps Order P7000.8, Managerial Applications of Project PRIME, pp. 1-3.

²Ibid., pp. 1-3.

transportation, food service, laundries, and a variety of smaller service and support activities. Its managerial orientation is similar to that of a city government or a large self-sufficient university.

A third example would be a Marine Corps Supply Center. The mission of such an organization is to provide supplies and upper echelon maintenance support to other Marine units located within a certain geographical area. The primary orientation will be of a commercial/industrial nature.

Project PRIME is aimed at providing sufficient basic data for managing any type of activity, but it rests with the controller to design a local report and analysis system fitted to local needs.

The areas of managerial application of Project PRIME are awkward to discuss except in terms of a particular type of unit. However, Marine Corps Order P7000.8 Managerial Application of Project PRIME identifies seven areas that can be adopted to some degree in the local unit regardless of the nature or mission of the unit.

1. Cost/Function Analysis:--Each function within a command represents a segment of operating expense. Only by analysis of expenses by function can a concept of total mission cost be ascertained.

2. Undistributed Expense:--This account "holds" charges and expenses not readily identifiable to individual job orders. It is rewarding from a managerial view when viewed with

the daily material error report and the daily labor error report. Taken together they provide an accurate guage of the training and work proficiency of those lower echelon personnel who place initial input into the supply/accounting system. Over a longer term a norm can be established within this account for normal efficient operations. Exceeding the norm of dollar value or number of documents signals the need for additional investigation.

3. Output Measurement:--This is an extension of work measurement. Its objective is to ascertain and measure the functions, tasks, or missions of an organization during a given period of time. PRIME envisions the use of a unit's performance or output as a bssis for analysis. While this is not a new concept, it is the first time it has been tied to routine accounting reports. While measurement of output is a valuable management tool, its development in all units is extremely difficult. Thus far the Marine Corps has made mandatory only those output measurements required by higher echelon. However, output measurement is a valuable management tool, and its use is limited only by the ability of the organization to develop measures that have meaning and validity at the unit level. This is an area where there is room for substantial progress in the future.

4. Management Indicators:--Because of the variety of types of organization, it is necessary to have measurements best suited to the functions performed. Also indications should be such that they have validity at Headquarters as well as at

the lower level. There are four different types of management indicators:

(a) Unit Cost: This is determined by relating expense to production to obtain cost-per-unit produced.

(b) Earned Hours: This is determined by applying selected labor standards against the associated work load for a given task.

(c) Job Order Cost: Developed by integrating work control, labor, and cost accounting.

(d) Unit capability: This relates designed operational capability to a unit's actual or potential capability. This is a crucial indicator for combat operational units. Unfortunately it is a very difficult measure to ascertain. To date, no method of quantifying a unit's capability has been established.

5. Expense Readiness Relationship: This can be applied to both operating forces and the support establishment. This type of report attempts to project future capabilities as well as current status. The concept involved here is to use PRIME financial reports in evaluating, determining, and justifying the operational readiness (MARES/FORSTAT) reports. One aspect of the MARES/FORSTAT reports is the projection of improvement or degradation in the overall unit readiness and a determination of the "get well" dates. PRIME reports are especially useful in making such projections.

6. Unfilled Orders: This is an area of great potential

for Project PRIME, but also one where little progress has been made. This is due to the fact that formal accounting requirements consider an unfilled order as obligation to pay and includes them under the appropriation limitation. Budget holders are forced to keep two sets of books, one for expense reporting, and one for new obligation control. Among the potential managerial uses for the analysis of unfilled orders are answers to the questions: How long do requisitions remain outstanding? and, Are all outstanding obligations being properly followed up? As the fiscal year draws to a close, unfilled orders assume special importance. A commander can screen obligations to ensure that none are needlessly outstanding. He can ensure that all expense authority is utilized or returned to higher authority during the fiscal year and that none is set aside for obligations that will not be paid until the next fiscal year.

7. Financial and Inventory Management for Operating Forces: PRIME calls for material pipeline and inventory to be financed by operations expense dollars rather than by stock fund dollars. The management of inventories is of major importance to an operating commander due to the magnitude of funds involved and their effect on combat readiness. It is the area within the operating forces that offers the greatest opportunity for the exercise of financial management.¹

Each of these areas is an opportunity for the practice of controllership that was unavailable before PRIME. Each is an

¹U.S. Marine Corps Order P7000.8 Managerial Applications of Project PRIME, pp. 1-14.

for Project PRIME, but also one where little progress has been made. This is due to the fact that formal accounting requirements consider an unfilled order as obligation to pay and includes them under the appropriation limitation. Budget holders are forced to keep two sets of books, one for expense reporting, and one for new obligation control. Among the potential managerial uses for the analysis of unfilled orders are answers to the questions: How long do requisitions remain outstanding? and, Are all outstanding obligations being properly followed up? As the fiscal year draws to a close, unfilled orders assume special importance. A commander can screen obligations to ensure that none are needlessly outstanding. He can ensure that all expense authority is utilized or returned to higher authority during the fiscal year and that none is set aside for obligations that will not be paid until the next fiscal year.

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¹U.S. Marine Corps Order P7000.8 Managerial Applications of Project PRIME, pp. 1-14.

example of using information that is basically financial in nature for the purpose of operational evaluation and decision making.

It would seem from this description that Project PRIME has brought about a revolution in Marine Corps financial management. The revolution is less complete than one would imagine. Implementation of PRIME has been slow and is still incomplete after two and one half years. Congress has been hesitant in endorsing any change to the accounting system and consequently no new funds were made available to implement PRIME. More significantly, financial control systems have remained unchanged. Congressional restraints such as "ceilings," "floors," and the apportionment process as well as penalties for violation (Anti-Deficiency Act) continue as before. This causes a tendency to cling to the traditional method of appropriation accounting on an obligation basis.¹ The remnants of a dual structure with appropriation accounting in the traditional fashion and expense accounting under PRIME still persist.

Some aspects of the system have not worked. As originally proposed, PRIME had a much-heralded automatic reducibility feature. Since operating budgets have funds from two appropriations, (NPMC) military pay and (O&MMC) operations and maintenance, the reducibility concept states that if you overspend one, the overage is deducted from the other.

Since field commanders have little control over the number of military personnel on their command, this feature

¹Thomas E. Ringwood, Jr., "Project PRIME and the Marine Corps Controller, A Study and Evaluation of Functions and Expectations," (unpublished Master's Thesis, George Washington University, 1969).

was run from Fiscal Director's Office at Headquarters Marine Corps. The Field Commander reports personnel strengths and receives back the total costs for use in preparing his PRIME reports. The Fiscal Director automatically redistributes expense authority where actual and planned expense deviate. The only benefit of such a system was that the field commander at least could see his military personnel expense, even though he could not control it. Many considered this a "do nothing machine."¹ The Office of the Secretary of Defense discontinued reducibility in August 1969, and the General Accounting Office concurred in a 1970 Report.²

It now appears that the difficult period of PRIME's beginnings are over. Most of the important barriers have been hurdled and the climate is right for realizing the managerial benefits for which the system was designed.

Controller Functioning

There can be little question as to the official policy on the controller's role and his position in the management hierarchy in the Marine Corps. Directives and publications stress that the Commander has full responsibility for financial matters and the controller is his staff arm in this area. The

¹Simmons, "Planners, Programmers, and Budgeteers," pp. 50-51.

²U.S. General Accounting Office, "Report to the Congress, Implementation of the Accounting System for Operations in the Department of Defense," (Washington, D.C.: General Accounting Office, March 4, 1970), pp. 13-14.

exerpts quoted below summarize official Marine Corps thinking in this area:

Philosophy:--

The Marine Corps has founded its philosophy of financial management upon the principle that financial management is inseparable from command. This merely extends that basic military axiom which states that a commander is responsible for everything and everybody in his organization. We use it as the cornerstone not only of our philosophy but also our operating policy.

Because the Marine commander is responsible for everything that his command does or fails to do, he must make the vital fiscal decisions. He must recognize the power and necessity of dollar controls. He must know how to use them. But also he must keep financial management in proper perspective as a part of balanced staff action. He must never let it escape from his control nor become the "tail that wags the dog." In this regard he should recognize that financial management has no bearing on the determination of mission but rather is a primary consideration in determining both the means and time-phasing of its accomplishment.¹

Coordinated Staff Service:--

The comptroller must provide technical guidance and direction to the conduct of specific fact-collection systems in the areas of budget formulation and execution, program analysis, accounting, and progress reports and statistics. The fully coordinated staff service provided by the comptroller should relieve the commanding officer of much of the burden of detailed fact collection, coordination, and analysis. When properly performed, controllership will enable the commanding officer to spend more of his time in the areas of policy formulation, decision, and program direction.²

Another facet of official attitude that must be recognized is the general distinction made between "command" and "management." A clear statement of this distinction can be made using definitions as a basis. "Command" means to direct authoritatively; "management" means the judicious use of resources to attain objectives. Management is inherent in command, but the

¹U.S. Marine Corps Order P7300.9B, Financial Guidebook for Commanders, pp. 1-2.

²NAVEXOSP-1000 Vol. 1, Navy Comptroller Manual, pp. 2-3.

reverse is not true since management does not include as extensive authority and responsibility as command.¹

Reference to this idea is often found in military writing, and its implication to the concept of controllership is substantial. The idea tends to reinforce the power of the commander and detract from the authority of a functional manager such as a controller who is not also a commander. Certainly the managerial responsibilities of command should be emphasized. The reverse implication is less constructive. A non-commander manager operates at a considerable handicap. As a non-commander his functional authority is restricted. The routing of directives and orders through the actual commander, who may be far removed from the issues, can cause a serious bottleneck and result in loss of efficiency. While manager-commander differentiation is ingrained in the Marine Corps, it does not contribute in a positive way to the exercise of controllership.

As a member of the general staff, the comptroller is locked into a rigid position of co-equality with the other staff members. His relationship to them is one of coordination. He exercises no power over them nor do they over him. The only real pressure that can be brought to bear by one staff member on another is through his influence on the commander.

Staff functions and relationships in the Marine Corps are specified in Fleet Marine Force Manual 3-1, Command and Staff Action. This manual refers specifically to the Fleet Marine

¹General Earl G. Wheeler, U.S. Army, an address to the Armed Forces Management Association, 1965, quoted in article by Brigadier General Edwin H. Simmons, USMC, "Planners, Programmers, and Budgeteers," The Federal Accountant, p. 39.

Force or the "operational" Marine Corps. It is, however the only "staff manual" and it is the basic reference for all organizations, operating or not. While the staffs of organizations, operating or not. While the staffs of organizations not primarily operational in mission are not uniform, in structure or functioning, the influence of Fleet Marine Force Manual 3-1 pervades the Marine Corps.

Fleet Marine Force Manual 3-1 states the responsibility of the controller concisely as follows:

The Comptroller:

The comptroller is the principal staff assistant in matters pertaining to financial management. The comptroller has staff responsibility for the following:

a. Budgeting

- (1) Preparing guidance, instructions, and directives for budget matters.
- (2) Reviewing the resource requirements and justifications for the various financial programs of the command.
- (3) Compiling the annual budget.
- (4) Recommending allocation of funds available for approved operating programs (including pay of civilian personnel), and revisions thereto when required.
- (5) Initiating action for financial adjustments required by changes in the amount of funds made available.
- (6) Improving financial management efficiency.

b. Accounting:

- (1) Maintaining required records, including records of obligations and expenditures against allotments and project orders.
- (2) Maintaining records for the plant property account and for financial transactions of all classes of property.
- (3) Providing for execution of tasks involved in civilian pay, leave, and retirement.
- (4) Preparing financial accounting reports.
- (5) Supervising cost accounting operations.
- (6) Submitting property returns.
- (7) Supervising timekeeping operations.
- (8) Preparing civilian payrolls.

c. Disbursing:

- (1) Accomplishing payment of military and civilian payrolls, travel and per diem allowances, and public vouchers.
- (2) Collecting proceeds of sales and other funds for credit to the United States.
Registering of allotments, savings bonds, and savings deposits.
- (4) Preparing disbursing reports and returns.

d. Progress and Statistics:

- (1) Developing guides and criteria for the collection and coordination of statistical data.
- (2) Supervising the preparation of special statistics.

- e. In commands not authorized a comptroller, staff duties pertaining to fiscal matters may be assigned to one or more staff sections. The assignment of all comptroller's responsibilities to the assistant chief of staff, G-4, is common, except for disbursing matters which are assigned to the G-1.¹

This description predates project PRIME but has not been changed to date. A look at what some of the experts in the field consider to be the functions of controllership makes an interesting comparison.

Heckert and Willson list five functions of controllership:

1. The planning function, including the establishment and maintenance of an integrated plan of operation through authorized management channels, both short- and long-term, compatible with the corporate objectives, the testing thereof, the required revisions thereof, and the requisite system and procedures

2. The control function, including the development, testing, and revision by appropriate means, of satisfactory standards against which to measure actual performance, and assistance to management in encouraging conformance of actual results to standards

3. The reporting function, which includes the preparation, analysis, and interpretation of financial facts and figures for the use of management, and encompasses an evaluation of such data with reference to company and departmental objectives and methods, and external influences; and as appropriate, the preparation and presentation of

¹U.S. Marine Corps, Fleet Marine Force Manual 3-1, Rev. Command and Staff Action, pp. 21-23.

reports to such third parties as governments and governmental agencies, shareholders, creditors, customers, the general public, and others

4. The accounting function, including the establishment and maintenance of the corporate, divisional, and plant general accounting and cost accounting operations, together with the systems and methods embracing the design, installation, and custody of all books of account, records, and forms required to record objectively financial transactions, and to conform them to sound accounting principles with adequate internal control

5. Other related functions of primary responsibility, including supervision and operation of such areas as taxes, encompassing federal, state, and local matters and relationship with tax agents and auditors; auditing, both internal aspects and relationship with independent auditors; insurance, both adequacy of coverage and maintenance of records; standard practice instructions and systems and procedures, both development and maintenance; record retention programs; financial public relations; and, finally, the coordination of all clerical and office systems and facilities throughout the company¹

Thomas Bradshaw describes them in narrative form as shown below:

The Functions of the Controller:

As to the controller's place within the organizational structure, there is ample room for variation according to particular circumstances. Generally, however, he will operate as the head of the accounting department or, perhaps more comprehensively, of a "controller's department," in which will be grouped two distinct types of functions.

The first group of functions consists of those delegated to the controller by top management. These are services for the performance of which only the controller is equipped. Included are numerous major activities, each worthy of the many volumes devoted to a description and discussion of them.

The controller is charged with the maintenance of proper accounting records, adequate to enable the company to discharge its legal obligations, such as filing of tax returns and payment of proper tax to local, state, and federal agencies; making reports as required to the stock exchange and the Securities and Exchange Commission; reporting to stockholders; etc.

¹Heckert and Willson, Controllershship, pp. 13-14.

Another among those functions in this first group is that of "watch-dogging" company operations and assets. This is accomplished through the establishment of a proper system of internal checks and the maintenance of an adequate internal auditing division. Exercise of this function requires that the controller have authority with respect to procedures affecting the system of internal check, together with a free hand in investigating the operation of the system.

The controller is charged also with the responsibility of serving all the company's other departments by preparing for them, or aiding them in the preparation of, budgets, expense statements, expense analyses, performance analyses, and other aids to efficient operations.¹

Most comprehensive is the list of the Controller's Institute of America compiled in 1949.

Function of Controllershship:

1. To establish, coordinate, and maintain, through authorized management, an integrated plan for the control of operations. (Such a plan would provide, to the extent required in the business, cost standards, expense budgets, sales forecasts, profit planning, and programs for capital investment and financing, together with the necessary procedures to effectuate the plan.)

2. To measure performance against approved operating plans and standards, and to report and interpret the results of operations to all levels of management (This function includes the design, installation, and maintenance of accounting and cost systems and records, the determination of accounting policy, and the compilation of statistical records as required.)

3. To measure and report on the validity of the objectives of the business and on the effectiveness of the policies, organizational structure, and procedures in attaining those objectives (This includes consulting with all segments of management responsible for policy or action concerning any phase of the operation of the business as it relates to the performance of this function.)

4. To report to government agencies, as required, and to supervise all matters relating to taxes

5. To interpret and report on the effect of external influences on the attainment of the objectives of the business

(This function includes the continuous appraisal of economic and social forces and of governmental influences as they affect the operations of the business.)

¹Bradshaw, Developing Men for Controllershship, pp. 7-8.

6. To provide protection for assets of the business (This function includes establishing and maintaining adequate internal control and auditing, and assuring proper insurance coverage.)¹

A view from the Department of Defense is provided by former Assistant Secretary of the Air Force for Financial Management, Leonard Marks, Jr.:

The Comptroller organization may be likened to a group of officials at an athletic event. They keep time; they record the score; and they make measurements and judgments about performance according to clearly defined rules.²

A careful study of controller functions as described above leads to the conclusion that there are two broad functional areas that are universal. These are the planning function and the measurement/evaluation function. The other functions described are less broad in scope and relate to inherent differences between the public and private sector environment. Planning and measurement/evaluation are related and follow in sequence. The financial plan provides the mechanism which ultimately is used to perform the measurement and evaluation of performance.

Planning in the Marine Corps consists of the budget.³ While the terms measurement and evaluation are not specified as functions in Command and Staff Action, they would consist of the execution and audit of the budget.⁴

The inadequacies and limitations of Federal Budgetary

¹Hutton, Controllershship Function and Training, Appendix C, p. 1.

²Marks, "Myths of Military Management," p. 6.

³U.S. Marine Corps, Fleet Marine Force Manual 3-1, Command and Staff Action, p. 21.

⁴Ibid., pp. 21-22.

procedures are far too broad a subject for analysis in this study. A review of a few points is sufficient to gain an impression of the value of the budget as a planning document. First, budget guidance from Headquarters puts an initial limitation on the planning prerogatives of field level units. Second, submission deadlines and the requirement for consolidating budgets at successive levels of command impose severe time restrictions not conducive to good planning. Third, long experience with cuts and reductions has caused many commanders and controllers to equate their financial responsibilities as an adjudication of shortages.¹

The creeping effects of the program budget and PRIME de-emphasis on budget mechanics has helped a little. Nevertheless, the budget has severe limitations as a planning vehicle. This is not likely to change as Federal budget policy is deeply entrenched and can only be changed at the legislative level.

The measurement and evaluation function is perhaps most closely connected with the essence of controllership. The Controllers' Institute of America devotes two of its six functions to performance measurement and control. Controller functions are expressed as:

2. to measure performance against approved operating plans and standards and to report and interpret the results of operations to all levels of management.

3. to measure and report on the validity of the objectives of the business and on the effectiveness of the policies, organizational structure, and procedures in obtaining these objectives.²

¹Simmons, "Budgeting in the Marine Corps," p. 27.

²Hutton, Controllership Function and Training, App. C, p. 1.

Leonard Marks, Jr., talks about recording score and making measurements and judgments about performance.¹

We have already seen how Project PRIME has the capability of bringing a new dimension to Marine Corps controllership by making it possible to quantify objectives and to accurately account for expenses in terms of operational objectives. However, this would not be possible unless the controller's position in the management hierarchy permits him to exercise his newly acquired power. The Marine Corps' current concept of controllership together with the controller's position as a general staff officer are not conducive to effective functioning of controllership.

The Controller's Institute has made this statement about the organizational status of the controller.

1. The controller should be an executive officer at the policy-making level responsible directly to the chief executive officer of the business. His appointment or removal should require the approval of the Board of Directors.

2. The controller should be required by the Board of Directors to present directly periodic reports covering the operating results and financial conditions of the business, together with such other information as it may request.

3. The controller should preferably be a member of the Board of Directors, and all other top policy-making groups. At a minimum he should be invited to attend all meetings of such groups with the right to be heard.²

In the operating units of the Fleet Marine Force it is difficult to conceive of any position for the controller other than the one he presently holds. Perhaps a restatement of his responsibilities now contained in Fleet Marine Force Manual 3.1

¹Marks, "Myths of Military Management," p. 6.

²Brooks and Willson, Controllership, p. 19.

would be sufficient to establish the comptroller's new role. A clear statement of controller responsibilities and a definitive description of his interface with other staff officers would be a significant step forward in attaining effective control-
lership. In units not in the Fleet Marine Force whose mission is not of a tactical nature, alteration in the organizational structure might be feasible.

In chapter III the position of the Fiscal Director of the Marine Corps was described. While he is a general staff officer and at the same level as the other general staff officers, there is a higher deputy chief of staff level. There are currently four deputy chiefs of staff in the areas of Plans and Programs, Manpower, Air, and Research, Development, and Studies. It appears that this would be logical level for the head financial executive of the Marine Corps. An officer performing the controller function on this level would give the "controller" more direct access to the commander. Placement at this level would relieve him of the operational management of the Fiscal Division and allow him to concentrate on matters affecting policy and the operations of the Marine Corps as a whole. Obviously such a step involves a large number of considerations beyond the scope of this study, and such an action should not be implemented without full consideration to all pertinent factors.

Similar steps might be feasible and productive in non-Fleet Marine Force organizations. Any such alterations in

structure should be made with the aim of providing the comptroller with a position where he has more direct access to the commander and can concern himself with the activities and policies of the command as a whole without restriction to the boundaries of finance.

Interstaff Relationships

For a complete overview of Marine Corps controllership, some attention must be given to other aspects of the line-staff relationship. Besides his relationship with his own commander, the controller must deal with both subordinate and higher level organizations. The points of contact, methods used, and degree of influence exercised, are important.

While there is only one official channel between units, staff officers are normally directed and encouraged by their commanders to establish direct and informal interstaff contact in order to achieve coordination. When accomplishing external coordination with other units, staff officers must respect the command authority and prerogatives of the commander concerned.¹

In the Marine Corps the general climate for staff coordination is good. The majority of the ills affecting staff coordination in the private sector are absent. The uncertainty of hierarchical relationships, unclear boundaries of authority, and the narrowness of outlook which plague the staff organizations of the private sector are largely absent.² This can

¹U.S. Marine Corps, Fleet Marine Force Manual 3-1, Rev. Command and Staff Action, p. 5.

²Robert C. Sampson, The Staff Role in Management, Its Creative Uses (New York: Harper Brothers, 1955), Chap. II.

be attributed to the rather simple staff structure that is applied throughout the Marine Corps, and the longstanding policy of not allowing individuals to become totally specialized in any one area of staff endeavor. As an example of the latter, it has been noted that policy prohibits two consecutive assignments in financial management.

Marine Corps assignment policy which results in individuals obtaining a variety of staff experience and also being rotated between line and staff is a policy generally recognized as desirable in the private sector, but seldom to the extent it is in the Marine Corps. On the other hand, as already mentioned in connection with controllership, this policy can result in a failure to master the technical intricacies which are essential to mastery of certain staff functions.

In describing the controller's functioning as a staff officer, his functions can be divided into two areas, those associated with his traditional duties of accounting, reporting, and control, and his managerial accounting duties of evaluation and measurement. The first can be discharged primarily through staff coordination. These functions are entirely within the boundaries of the controller's responsibilities and, except in extreme cases, can easily be handled on an interstaff basis without formalization through official correspondence.¹

The other group of functions, those facilitated by PRIME, generally cut across staff boundaries. They directly affect unit performance and are always appropriate subjects

¹U.S. Marine Corps, Fleet Marine Force Manual 3-1, Rev. Command and Staff Action, p. 6.

for command attention. These functions are best communicated through command channels. The extent of informal staff coordination in such matters would be largely a matter of personalities and experience as to the preference of commanders in such matters.

Centralization

A superficial look at the financial management structure in the Marine Corps leads to a conclusion that the controllership function is almost entirely centralized. The size of Fiscal Director's office at Headquarters is weighty evidence.¹ A look at the controllership functions performed on various levels confirms the initial impression of centralization. Budgets are approved and funds made available from the Headquarters level. Accounting for funds is made to Headquarters. All financial procedures are specified at the Headquarters level, even those designated for use at the lower level. Even project PRIME, which has as one of its objectives improved local level management, is a system designed and promulgated from the Headquarters level.²

An objective examination of the Marine Corps by an impartial visitor not acquainted with the nature of governmental bureaucracy might detect a number of reasons for a less centralized system of financial management. Expert opinion is that the degree of decentralization possible in controllership is propor-

¹U.S. Marine Corps, Table of Organization 5111, Fiscal Division, Headquarters Marine Corps of 23 Dec 1970, updated 20 Jan 1971 (Washington, D.C.: U.S. Marine Corps, 1970).

²U.S. Marine Corps, Order P 7000.8, Managerial Applications of Project PRIME, pp. 1-3.

tional to the decentralization possible in operational management.¹ There is some basis for comparing the Marine Corps to a large corporation with a large number of far flung "divisions" typed as to the mission assigned. While there is great conformity in the structure, personnel, and equipment of these "divisions" there is also diversity in their mission.

Most military men would dismiss such a comparison as ludicrous. Nevertheless, as long as Congress and others seek to apply civilian management methods to the military establishment, such a comparison is not entirely without value.

The point to be gained from this discussion is that the Marine Corps controller is confined by a heavily centralized structure of financial management in an environment which has some qualities normally thought conducive to decentralized management. This is not as extreme at the Headquarters level, but generally the same constraining factors are felt at that level as at lower levels, their source being the Comptroller of the Navy and the Department of Defense.

It is not suggested that there is any likelihood of change in the centralized nature of Marine Corps financial management. It is largely a result of the governmental appropriations process and is probably permanent. Recognition of this condition is helpful in obtaining a true perspective of Marine Corps controllership, and it is for this reason appropriate to this study.

¹Herbert A. Simon, Harold Guetzkow, George Koznetsky, and Gordon Tyndall, Centralization vs. Decentralization in Organizing the Controller's Department, A research study and report prepared for Controllership Foundation, Inc. (New York: Controllership Foundation, Inc., 1954), p. 13.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER STUDY

The aim of this study as stated in Chapter I was to determine if the concept and practice of controllership in the Marine Corps is making a substantial contribution to effective management. Essential to making this determination are the answers to the more specific subsidiary questions restated below:

How Did Marine Corps Controllership Evolve to its Present State?

Chapter II described in some detail the eighteen year evolvement of Marine Corps controllership. Marine Corps controllership has developed in a financial management structure first established in 1953, and this structure has not been significantly altered. Evolvement in controllership has been gradual, but steady. The direction of movement has consistently been in the direction of a larger role for the controller. The financial aspects of management have been increasingly emphasized in the Marine Corps and will continue to grow in importance during the coming years.

How Do Marine Controllers at Various Levels Function and What is the Extent and Limitations of Their Influence?

In Chapter III and IV it was revealed that the principal controllership function in the Marine Corps is performed by the

Fiscal Director at Headquarters Marine Corps. Both the nature of defense appropriations and the financial structures of the Department of the Navy contribute to the heavy centralization at this level. In contrast, lower level financial management organizations are shallow in depth and function within narrow boundaries. The extent of the controller function tends to vary among units according to the nature of their mission. Operational units have a narrow range of functions while support activities require a wider scope of controllership.

What are the Impact and Implication of the
Department of Defense Resources Management
Program and Especially Project PRIME?

The most significant development in Marine Corps financial management since the inception of controllership in 1953 is Project PRIME. PRIME embodies the principles of management accounting that are synomomous with the modern concept of controllership. Its system of information gathering, reporting, and accounting makes the practice of "real" controllership possible.

The PRIME concept is most clearly understood and concisely stated in terms of comparison with the old allotment or obligation accounting system.

a. Under the old allotment accounting system costs of an operation for any given period were considered to be equal to the obligations incurred during that period. As a consequence it was possible to operate for a period of time without incurring any out-of-pocket costs simply by using material and supplies which were obligated during a prior year's accounting period. Such obligations would be charged to the operation of the period during which the obligation was incurred, even though the goods were actually used or

consumed during a later period.

b. Under PRIME, operating costs are expensed in the period during which consumption--rather than obligation--occurs. In effect, each accounting period is started with an "inventory" of assets which includes material on order but not yet delivered or billed. As these assets are depleted, costs are charged to the current operation. The command's "ending inventory," under PRIME, is classified as "Unfilled Orders" and is not considered as an operating cost until a subsequent period.

c. Under PRIME obligations are still recorded but there is an additional requirement, that is to record expenses. As available resources (manpower, money and material) are utilized their dollar value is charged to the various operations which are carried out. Thus the record of obligations continues to serve its purpose in fund control, while the record of expenses serves to provide a more realistic picture concerning the use of resources and cost of specific operations.

d. The improvement in the cost accumulation and allocation system engendered by PRIME represents a more realistic approach to financial management. It gives the commander a picture of the total costs of his operation for a given period. It enables him to develop more accurate historical data and to develop more meaningful management tools and capabilities.¹

PRIME's implementation has not been smooth nor is it complete. Some of the basic policy directives of the Navy and Marine Corps have not been updated to reflect the effects of PRIME. This slowness of change and apparent reluctance to update basic directives give the superficial impression that Marine Corps financial management is less modern than it actually is.

The publishing of Marine Corps Order P7000.8, Managerial Applications of Project PRIME in June, 1970 is evidence of the recent changes and direction of movement of Marine Corps financial management.

Despite all efforts to promote PRIME and its concepts, it is still regarded as "a new change" two and one half years after it was started. The next few years should see PRIME

¹U.S. Marine Corps, Order P 7000.8, Managerial Applications of Project PRIME, pp. 1-2 and 1-3.

becoming "the" system rather than a change to old allotment accounting system. When this occurs, the real management benefits that depend on local application of PRIME principles are likely to accrue, and the practice of controllership at all levels will benefit.

There has been a substantial effort to educate commanders in PRIME concepts and a PRIME indoctrination has been included in the curriculum of intermediate and high level officers' schools.¹

How Does the Marine Corps Concept of
Controllership Compare with Modern
Concepts in the Private Sector?

At the start of this study it was the author's impression that there was wide divergence between the Marine Corps' concept of controllership and that found in the literature and professional writings on the subject. After examining the subject in detail, this was found not to be true. While considerable differences do exist, they are mostly the results of the differences in organizational structure and environment and not in concept.

Major areas where the concepts of the Marine Corps and the private sector agree are:

1. Controllership is recognized as an essential and specific area of managerial endeavor.
2. Controllership is a staff function. While the controller exercises operational control over activities within

¹Simmons, "Planners, Programmers, and Budgeteers," p. 52.

his own department, his principal function is his staff relationship to the commander/chief executive.

3. The controller's rank and position in the managerial hierarchy should be sufficiently high to place him in "top level" management.

4. The most important qualification for controllership is a "big picture" approach which usually results from broad experience and knowledge of all phases of organizational endeavor.

5. Effective controllership requires an orientation directed toward management problems rather than preoccupation with accounting and financial matters.

What Is the Impact of Traditional Ideas of Command
Responsibility and Line-Staff Relationships
on the Exercise of Controllership?

The concept of the manager-commander interrelationship is well established and pervades the Marine Corps. A commander is also a manager in every sense of the word. However, a manager who is not a commander often lacks the authority that should be concomitant with his managerial responsibilities.

It has been shown that controllers in the Marine Corps are usually general staff officers. The controller function is performed at the highest level of staff functioning with the controller function having co-equal status with the functions of personnel, intelligence, operations and training, and logistics. While this position appears to be the most logical one for the controller, it does not in all cases provide the best

environment for performing such crucial functions as program measurement and evaluation.

What Changes in Management Concept and Staff
Structure Might Contribute to
the Effectiveness of the
Controller Function?

The controller's position as a general staff officer is a matter for concern. Logic would indicate that a position which puts the controller at the commander's "right hand" would be more effective. While such a level of staff functioning exists at the Headquarters level, it is not present in other commands. Adjustments would be possible in non-Fleet Marine Force commands to accommodate a higher level position for the controller. None is feasible in the Fleet Marine Force units which make up the operating heart of the Marine Corps.

While non-Fleet Marine Force units are not directly concerned with combat operations and in that sense are secondary, they are complex from a management view and involve more areas for the exercise of controllership. In these units and at the Headquarters level, organizational adjustments could make the controller the commander's financial advisor, leaving the internal functioning of the controller department to a subordinate officer on the general staff level.

A conclusion can be drawn that the Marine controller falls short of his civilian counterpart in the area of technical knowledge in the field of finance and accounting. While a Marine controller will generally have an excellent educational back-

ground, direct experience in accounting and low level financial functions will be scant. This results from his having entered the field near the mid-point of his career after having spent his earlier years in another occupational field. While the complexities of Marine Corps financial management are much more narrow in scope than those of the private sector, PRIME and other recent developments are sufficiently complex to require extensive technical background in accounting and finance. The shallow controller organization in many commands provides little help to the inexperienced controller.

The obvious solution to this problem is school or training courses to teach the basic procedures and techniques basic to the financial management system. At present the Marine Corps has no formal schools in the finance field except in Disbursing.¹ On-the-job training and correspondence courses are the only training available in other areas of the finance field. Formal training would be counter to the long standing Marine Corps conviction that controllership relies on broad outlook and experience to the exclusion of technical experience. While there is some evidence that the complexity introduced by PRIME has caused second thoughts on this matter, there is no evidence that formal training will be instituted.

General Conclusion

The concept and practice of controllership is making a substantial contribution to effective management. The continued

¹U.S. Marine Corps Order PL500.12D, Marine Corps Formal Schools Catalog (Washington, D.C.: Government Printing Office, 1968).

positive evolvement of controllership is evidence that official Marine Corps policy recognizes the importance of the controller's contribution to effective military management. The controller's position as a general staff officer is not ideal but is evidence that the controller function is considered to be of equal importance with the more traditional areas of military staff endeavor.

The development of PRIME and its attendant management capabilities have provided the Marine controller with the capability of performing services for management that approach those that are provided by the controller in the private sector. All indications are that this trend will continue into the future with the role of the controller becoming an increasingly significant factor in Marine Corps management.

Recommendations for Further Study

Near the end of this study it became clear to the writer that the study was essentially a "key hole" view. It is an interpretation of Marine Corps practices as ascertained by the writer compared with the concepts of the private sector as reflected in the available literature and writings.

The best available method to broaden this view would be a survey by questionnaire of currently assigned Marine Corps controllers. This approach was considered at the start of the study, but lack of time and the writer's initial lack of insight into the study area prevented its accomplishment. In order to assist any future student who might choose to pursue this dir-

ection of study, Appendix C contains a listing of areas of inquiry and specific questions which the writer feels would add dimension to this study and perhaps provide a basis for more incisive results than have been achieved here.

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APPENDIX A¹

MISSIONS AND FUNCTIONS ASSIGNED TO THE BRANCHES OF THE FISCAL DIVISION, HEADQUARTERS MARINE CORPS

Budget Branch

Mission and Functions

1. Mission.--To assist the Fiscal Director of the Marine Corps in formulating, justifying, and executing the Marine Corps Budget.

2. Functions

a. Interprets, disseminates guidance, and coordinates the preparation, assembly, and reproduction of the budget for the Fiscal Director of the Marine Corps.

b. Assists the Fiscal Director in review, presentation, justification, and reclama actions in the budget process.

c. Costs the military and civilian personnel plans for the Marine Corps.

d. Coordinates the collection, review, compilation, and presentation of data for use by the Commandant of the Marine Corps and the Fiscal Director in support of their appearances before hearings.

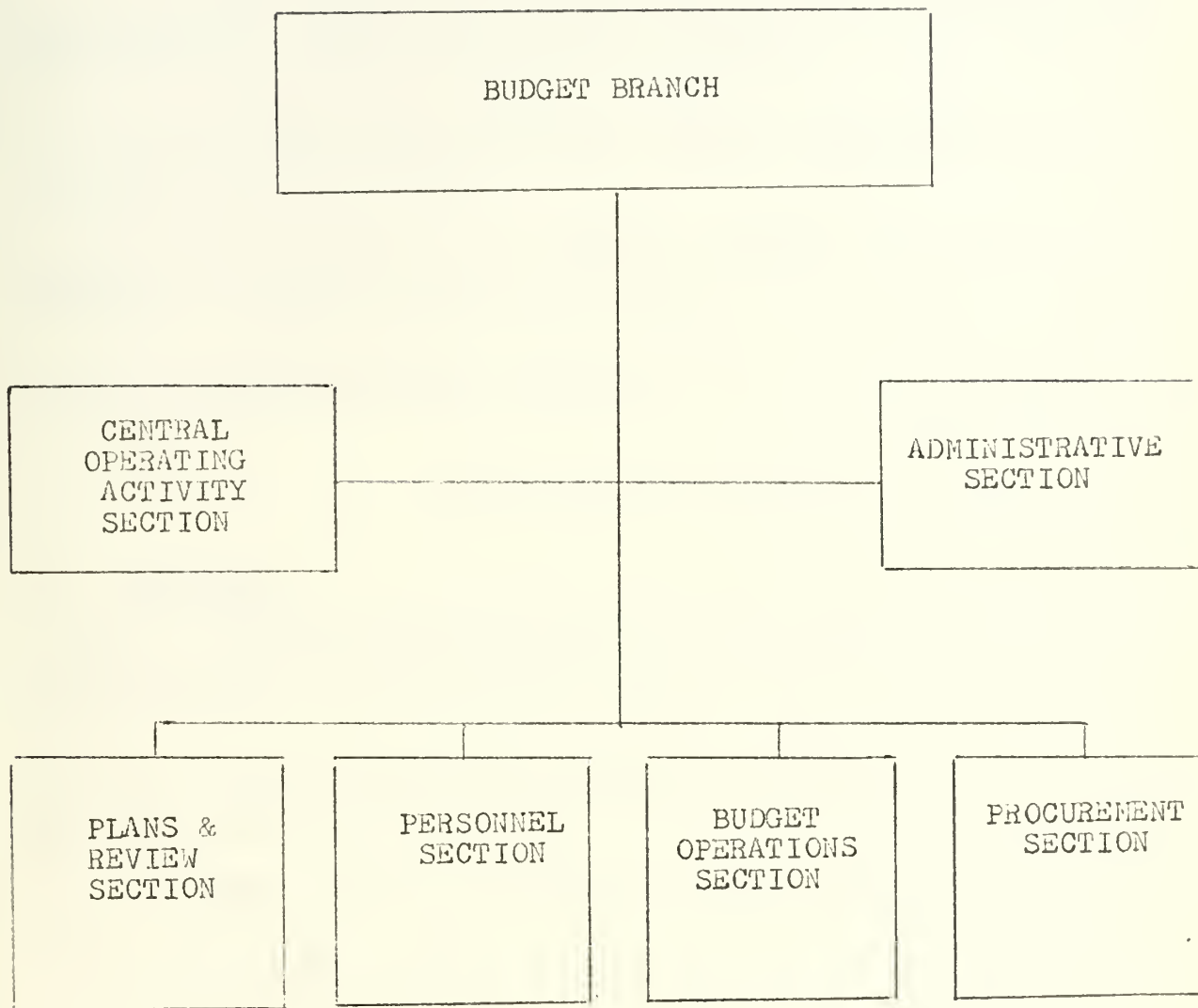
e. Coordinates the budget with the Approved Five Year Defense Program.

f. Prepares and maintains current approved financial plans for execution of the budget.

g. Prepares allocations, allotments and operating budgets under Project PRIME (Operations, Marine Corps) of financial authorities according to approved programs and financial plans for the Fiscal Director.

h. Reviews the accomplishment of plans and programs, including the rate of obligations and expenditures, and prepares recommended adjustments to plans, programs, or authorities.

¹U.S. Marine Corps Headquarters Order P5000.3A, Chap. 6, pp. 9-28.



i. Prepares timely recommendations and requests for apportionments, reapportionments, transfers, supplemental funding, or other action necessary to ensure adequate support for Marine Corps operations for the Fiscal Director.

j. Administers funds for the Fiscal Director under certain allocations and allotments.

k. Coordinates requests for and monitors allocations and allotments of funds to the Marine Corps from other departments and services of the Department of Defense.

l. Reviews plans, programs, special studies, and projects to identify and recommend Fiscal Director policy or action regarding funding problems.

m. Participates in or conducts studies involving budgetary aspects of special plans, studies, Office of the Defense directives, or identified program areas.

n. Operates for the Fiscal Director the functional office of the Central Operating Activity.

Administrative Section

1. Functions

a. Provides the following services: secretarial, typing, filing, routing and distribution, classified document control, office supply, office machine service, civilian and military personnel administration, and office systems and procedures.

b. Maintains systematic reference library for data, regulations, and information peculiar to or needed in the execution of branch functions.

c. Types, proofs, reproduces, binds, and distributes budgets, backup data, budget calls, etc.

d. Maintains action-due calendar for Head, Budget Branch, of both recurring and one-time reports.

e. Provides weekend and after-hours typing services as required.

Central Operating Activity Section

1. Functions

a. Assures consistency between total expenses related to

the planned military manpower operating program in the operating budget approved by OSD and the estimated entitlement obligations included therein.

b. Assures that expenses authorized for military personnel at standard rates in the expense operating budgets issued by Headquarters Marine Corps are issued and continuously maintained in proper balance with the actual entitlement obligations materializing.

c. Maintains surveillance and analysis of all variances related to planned and actual expenses, rates and programs.

d. Administers the Expense Operating Budget issued to the Central Operating Activity and maintains the accounting and administrative records associated therewith.

e. Provides appropriate military personnel expense control figures to the Central Operating Activities of other DOD components for the Marine Corps personnel assigned to such components.

Plans and Review Section

1. Functions

a. Critically reviews and recommends improvement in systems and procedures employed in accomplishing Budget Branch functions.

b. Identifies and maintains current documentation for approved procedures; determines when changes are necessary, obtains approval, and ensures adherence thereto.

c. Reviews all budget directives from higher authority and recommends action necessary to comply.

d. By coordination and review, ensures that budgets will support approved plans and programs, or that deficiencies are identified.

e. Conducts or coordinates the preparation of special studies and reports.

f. Reviews and analyzes the budget prior to its submission to ensure that it is consistent, logical, administratively correct, and supports approved programs.

g. Annually develops complete financial material to support the Commandant of the Marine Corps and other Marine Corps personnel at reviews and hearings.

h. Coordinates Headquarters Marine Corps staff review of "Transcripts of Testimony" of Commandant of the Marine Corps and other Marine Corps witnesses before congressional appropriations committees.

i. Coordinates Headquarters Marine Corps staff action on Program Budget Decisions (PBD's) and supervises the office of record thereof.

j. Coordinates input of Military Assistance Service Funded (MASF) requirements into all Marine Corps appropriations.

Personnel Section

1. Functions

a. Assists the Head, Budget Branch, in the formulation, justification, and execution of the appropriations "Military Personnel, Marine Corps"; "Reserve Personnel, Marine Corps"; and Marine Corps portions of the appropriations "Claims" and "Retired Pay," Department of Defense.

b. Receives approved budget plans and prepares and consolidates budget estimates and justification backup data.

c. Provides assistance to the Fiscal Director of the Marine Corps at budget hearings.

d. Receives information concerning the amount of funds appropriated; recommends the annual financial plan; prepares requests for allocations; prepares requests for apportionment of funds and detailed backup justification data.

e. Prepares allocation schedules and allotment authorizations, on basis of approved apportionment, in accordance with annual financial plan.

f. Prepares requests for reallocations.

g. Takes appropriate action to obtain supplemental appropriations and reapportionments when deemed necessary.

h. Prepares and/or consolidates cost estimates of proposed legislation and proposed policy or directives of the Marine Corps or higher authority.

i. Administers funds for the Fiscal Director of the Marine Corps under certain allocations and allotments.

j. Provides budgetary advice to the Head, Budget Branch,

and approved guidance to the Commandant's staff.

k. Maintains close liaison with working level of Headquarters Marine Corps staff and higher authority on budget matters.

l. Measures progress against objectives and estimates future progress; recommends appropriate financial reprogramming.

m. Coordinates requests for and monitors allotments of funds from appropriations of other departments and services for use by the Marine Corps.

n. Receives and maintains personnel and expenditure reports, and from them prepares estimates of obligations against funds allocated to the Fiscal Director of the Marine Corps.

Budget Operations Section

1. Functions

a. Provides special staff assistance to the Head, Budget Branch, in his function in support of the O&MNC Budget processes of "Budget Formulation," "Budget Justification," and "Budget Execution." Also provides support of this type for functions performed in support of the CNC portion of O&M Navy. Coordinates the formulation and justification of the "Operating Budget" plans and supporting submissions under the concepts of Project PRIME of the Resources Management Systems.

b. Assists the Head, Budget Branch, in the technical supervision of the fiscal aspects of the Marine Corps Stock Fund and the Marine Corps Industrial Fund.

c. Consolidates budget estimate; analyzes and reviews budget estimate and makes recommendations if appropriate.

d. Prepares and consolidates justification backup data as appropriate.

e. Coordinates and reviews Marine Corps participation in the Operations and Maintenance portion of the Family Housing, Defense account.

f. Provides assistance to the Fiscal Director of the Marine Corps at budget hearings.

g. Receives information concerning the amount of funds appropriated; recommends the annual financial plan; recommends action on requests for allocations, allotments and operating budgets; prepares requests for apportionment of funds and de-

tailed backup justification data.

h. Prepares allocation, allotment and operating budget schedules on the basis of approved apportionment.

i. Takes appropriate action when a supplemental appropriation or a reappropriation is deemed necessary.

j. Prepares and/or consolidates cost estimates of proposed legislation and proposed policies or directives of Marine Corps or higher authority.

k. Costs the civilian personnel plan and provides technical assistance to the Commandant's staff concerning fiscal aspects of personal services, civilian.

l. Provides budgetary advice to the Head, Budget Branch, and approved guidance to the Commandant's staff.

m. Maintains close liaison with operating officials of Headquarters Marine Corps and with higher authority with regard to budget matters.

n. Measures progress against objectives and estimates future progress; recommends appropriate financial reprogramming.

o. Coordinates requests for and monitors allotments of funds from appropriations of other departments and services for use by the Marine Corps.

Procurement Section

1. Functions

a. Assists the Head, Budget Branch in the formulation, justification, and execution of budgets for appropriation "Procurement, Marine Corps" and those "Research, Development Test and Evaluation, Navy (RDT&E,N)" and "Other Procurement Navy (OPN)" appropriations for which the Commandant of the Marine Corps has budget responsibility.

b. Consolidates budget estimates; analyzes and reviews budget estimates and makes appropriate recommendations thereon.

c. Prepares and consolidates justification backup data.

d. Provides assistance to the Fiscal Director of the Marine Corps at budget hearings.

e. Receives information concerning the amount of funds

appropriated; recommends the annual financial plan; recommends action on requests for allocations and allotments; prepares requests for apportionment of funds and detailed backup and justification data.

f. Provides assistance to the Head, Budget Branch for budget hearings at all levels through the Bureau of the Budget.

g. Prepares allocation and allotment schedules on the basis of approved apportionment.

h. Takes appropriate action when a supplemental appropriation or a reapportionment is deemed necessary.

i. Prepares and/or consolidates cost estimates of proposed legislation and proposed policies or directives of Marine Corps or higher authority.

j. Measures progress against objectives, estimates future progress, recommends appropriate financial reprogramming.

k. Analyzes obligation and expenditure rates and initiates all reports and estimates for obligations, expenditure plans, and deviations therefrom, unobligated balances and unpaid obligations.

l. Maintains close liaison with operating officials of Headquarters Marine Corps and with higher authority with regard to budget matters.

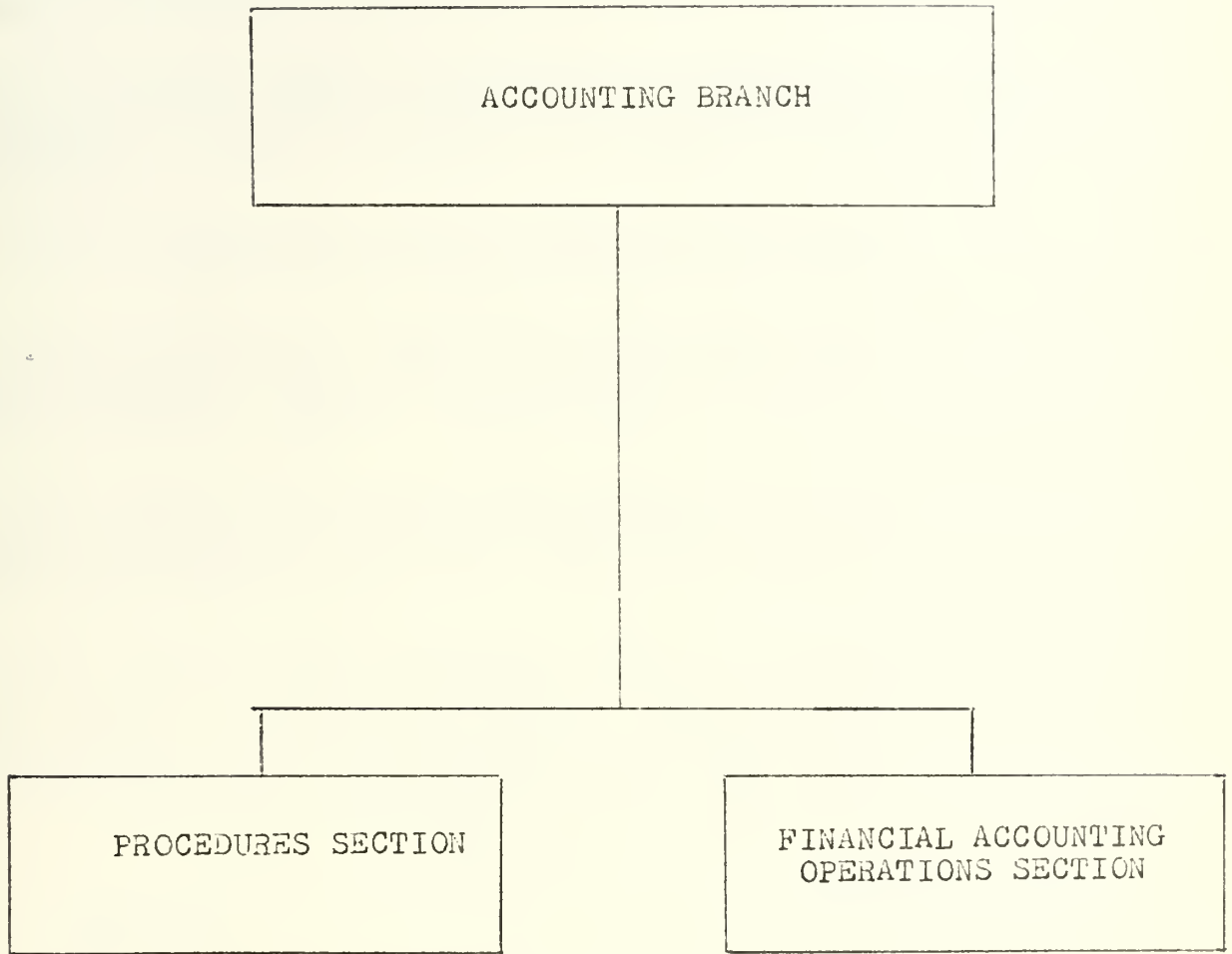
m. Coordinates requests for and monitors allotments of funds from appropriations of other departments and services for use by the Marine Corps.

n. Portrays and defends Marine Corps position in budgetary matters in conference with reviewing officials and submission of budget data.

Accounting Branch

Mission and Functions

1. Mission.--To advise and assist the Fiscal Director of the Marine Corps in all matters pertaining to the performance of the fiscal, cost, plant and stores accounting and reporting functions required for the administration of all appropriations and appropriated funds available to the Marine Corps.



2. Functions

a. Establishes and maintains official appropriation, activity, project and subsidiary accounts.

b. Establishes and maintains official cost and plant account records.

c. Develops and interprets Marine Corps accounting policies and procedures.

d. Establishes and maintains liaison with the Quartermaster General of the Marine Corps in the area of stores accounting function in order to attain an integrated financial accounting system.

e. Coordinates Marine Corps accounting policy and procedures with the Office of the Comptroller of the Navy.

f. Prepares all periodic and special reports required by Headquarters Marine Corps and higher authority and develops data necessary for the preparation and justification of the Marine Corps Budget.

g. Maintains liaison with other components of Headquarters Marine Corps, the Office of the Comptroller of the Navy Department, bureaus and offices of the Navy Department, and other military departments.

h. Reviews and recommends approval/disapproval of Automatic Data Processing Equipment (ADPE) systems for financial and related applications prior to implementation. Further, in conjunction with such reviews, maintains close liaison with field activities, Headquarters staff and external activities.

Procedures Section

1. Functions

a. Interprets and assists in development of Marine Corps accounting policy.

b. Analyzes, interprets, and implements procedurally Navy accounting directives.

c. Maintains liaison with the various components of Headquarters Marine Corps, the Office of the Comptroller of the Navy, bureaus and offices of the Navy Department, and the other military services.

d. Evaluates, by conducting studies, the effectiveness of current accounting methods and procedures with a view to constant

improvement.

e. Develops and publishes accounting procedures and regulations governing Headquarters Marine Corps and field activities.

f. Assists field activities in the implementation of accounting procedures.

g. Supervises the coordination of accounting procedures within the Fiscal Division.

h. Reviews and recommends approval/disapproval of ADPE systems for financial and related applications prior to implementation. Further, in conjunction with such reviews, maintains close liaison with field activities, Headquarters staff and external activities.

Financial Accounting Operations Section

1. Functions

a. Provides financial controls through the recording of commitments, obligations, expenditures, and reimbursements within amounts allocated under appropriations and approved apportionments by maintaining official appropriation, activity, project and fund resources ledgers, and subsidiary accounts.

b. Provides costing information through the recording, maintaining and reviewing of financial cost accounting statements and related data.

c. Provides plant account control through the processing, recording, maintaining, and examining plant accounting financial records and reflecting data.

d. Develops periodically the accounting data necessary for preparation and justification of budget estimates.

e. Reconciles official appropriation accounts with the reciprocal appropriation accounts maintained by the Comptroller of the Navy.

f. Prepares financial status reports and reports for management.

g. Analyzes and resolves accounting problems arising from accounting reports and correspondence in connection with allotments, project orders, contracts, cost data, plant data, and related financial data.

Analysis and Review Branch

Mission and Functions

1. Mission.--To prepare analyses of Marine Corps plans and programs required by the Commandant of the Marine Corps to ensure efficient financial management of the Marine Corps; to provide staff coordination for General Accounting Office, Department of Defense, and Naval Audit Service audits, and management surveys of Marine Corps activities; to coordinate staff action on the fiscal aspects of the Five Year Defense Program and the Marine Corps International Balance of Payments Program; to implement and manage the Marine Corps Force Structure Cost Model; to administer the Selected Acquisitions and Information Management System (SAIMS) as it relates to the Marine Corps; to provide the Commandant of the Marine Corps and other staff offices with a centralized cost analysis capability for the internal evaluation and correlation of plans and programs; to evaluate or validate Marine Corps cost information used in DOD cost models; and to conduct special projects as the Fiscal Director may direct.

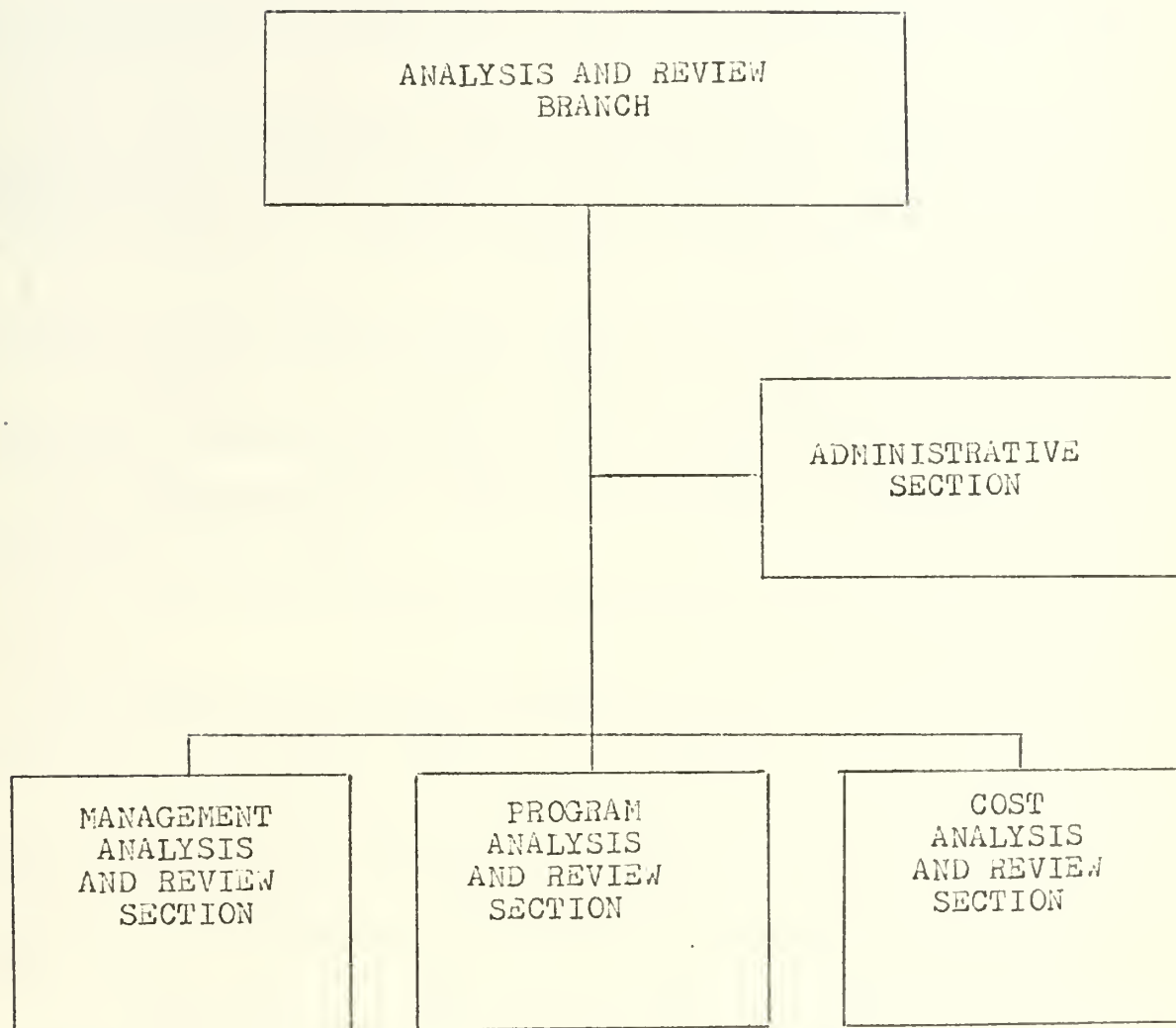
2. Functions

a. Monitors the Five Year Defense Program; assists program coordinators in the costing of program changes; analyzes and reviews the financial aspects of all program and budget documents; acts as the Headquarters Marine Corps point of contact for the Fiscal Director with the Office of the Navy Comptroller in matters relating to the DOD programming system.

b. Coordinates the development of estimated financial and other resources required to support the Marine Corps Forces contained in the Joint Strategic Objectives Plan.

c. Reviews all requests for program, budgetary, and fiscal statistical data; prepares answers from published data when available, or refers request to proper authorities and prepares reply for release by the Fiscal Director of the Marine Corps.

d. Reviews all data currently available in existing accounting and reporting systems and uses these to analyze the



cost of operation of programs, type activities, functions, or organizational units, as the Fiscal Director of the Marine Corps may direct.

e. Examines and correlates all financial-type reports (including but not limited to personnel, material, and fiscal reports) rendered by this Headquarters to the Comptroller of the Navy.

f. Provides financial, statistical and graphic services.

g. Coordinates control of all budgetary and fiscal reports and forms with the Management Engineering Branch, Administrative Division.

h. Coordinates all matters pertaining to internal audits conducted by the Department of Defense and the Comptroller of the Navy and external audits conducted by the Comptroller General of the United States; performs such checks and examinations as are required to ensure compliance with prescribed procedures.

i. Coordinates the development of cost estimates as requested by the Organization of the Joint Chiefs of Staff.

j. Coordinates reports reflecting Marine Corps funds entering the International Balance of Payments.

k. Coordinates the operation of the Marine Corps Force Structure Cost Model.

l. Coordinates special projects as directed by the Fiscal Director.

m. Sponsors certain Military Occupational Specialties by reviewing proposed changes to tables of organization to ensure that they adequately reflect requirements for these MOSs.

n. Administers the information provided under the several DOD/DON subsystems of the SAIMS program relating to Marine Corps R&D and procurement programs from data provided by contractors or other DOD agencies; from this data, develops cost analyses which support funding realignment or fund requests.

o. Provides such cost analyses which will assist the Commandant and staff offices in the development, execution or management of Marine Corps plans and programs, and evaluates and/or validates cost data used in cost models to ensure compatibility and comparability of proposed or existing plans and programs.

Administrative Section

1. Functions

a. Furnishes secretarial, stenographic, and clerical services to the Branch, which consist of:

(1) Review of correspondence prepared for the Fiscal Director of the Marine Corps for proper format, assembly, and clerical accuracy.

(2) Distribution of correspondence and classified material for the Branch and maintenance of a deadline check-off system for all action papers.

(3) Maintenance of Branch files and publications, less certain matters of exclusive concern to other Sections of the Branch.

Management Analysis and Review Section

1. Functions

a. Prepares analyses, in coordination with Accounting and Budget Branches, of financial aspects of various plans and programs proposed by Headquarters Marine Corps divisions and field commands and activities which do not fit into the fixed-term categories.

b. Acts as Headquarters Marine Corps coordinator for all management studies of Marine Corps activities conducted by agencies external to the Marine Corps.

c. Receives and prepares correspondence regarding management surveys conducted by the General Accounting Office (GAO).

d. Coordinates Marine Corps response on follow-up actions taken by the General Accounting Office on comments and recommendations made in previous GAO management survey reports.

e. Analyzes and reviews reports reflecting funds entering the International Balance of Payments.

f. Sponsors Military Occupational Specialties 3406, 3461, and 3471 by reviewing proposed changes to tables of organization to ensure that they adequately reflect requirements for these MOSs.

g. Monitors financial management portion of the Marine Corps

Special Education Program and similar programs sponsored by the Departments of Defense and Navy to assure trained personnel are available as required.

h. Writes speeches on subjects which do not fall solely under the cognizance of the Budget, Accounting, or Disbursing Branches of the Fiscal Division for the Fiscal Director and the Deputy Fiscal Director.

i. Provides representatives to serve as Fiscal Inspectors for Inspector General of the Marine Corps inspection trips to various Marine Corps commands and activities.

j. Conducts special projects as the Fiscal Director and Head, Analysis and Review Branch may direct.

Program Analysis and Review Section

1. Functions

a. Manages the financial aspects of the DOD Programming System as contained in the Marine Corps portion of the Five Year Defense Program (FYDP), assists Program coordinators in the costing of program change proposals, analyzes the Marine Corps Program input to the system, and reviews the output results.

b. Acts as the Headquarters Marine Corps point of contact with the Office of the Comptroller of the Navy in matters pertaining to the DOD FYDP.

c. Develops cost data for inclusion in the Joint Chiefs of Staff Strategic Objectives Plan and the Marine Corps Program Objectives.

d. Coordinates the review of the reports of internal and external audits and prepares the necessary reports.

e. Coordinates the scheduling of internal audits.

f. Receives and prepares correspondence regarding reports on external and internal audits, and examinations conducted by the GAO, the Comptroller of the Navy, and the Inspector General of the Marine Corps.

g. Coordinates the follow-up action taken by Headquarters Marine Corps Departments, Divisions, and Separate Offices on recommendations and comments made in audit reports of Government agencies, less the General Accounting Office management surveys.

h. Performs such internal reviews and examinations as are

required to disclose failure to follow Marine Corps and Department of the Navy policies, directives, and accepted practices in fiscal management.

i. Coordinates the review of reports of Violation of Administrative Control of Appropriations Regulations, and prepares the necessary forwarding correspondence.

j. Prepares periodic status reports for comparison of financial progress to the budget plan as an aid in the financial management of the Marine Corps.

k. Receives and correlates all financial-type reports (including but not limited to personnel, material and fiscal) rendered by this Headquarters to the Comptroller of the Navy.

l. Coordinates preparation of reports reflecting funds entering the International Balance of Payments.

m. Prepares analyses of the financial aspects of the Marine Corps Long Range, Mid-Range and Current Capability Plan, and the associated Marine Corps Program for use by the Fiscal Director of the Marine Corps in the execution of his responsibilities.

Cost Analysis and Review Section

1. Functions

a. Serves as the central office for the implementation, modification, and operation of the Marine Corps Force Structure Cost Model (MCFSCM).

b. Validates cost factors and data employed in DOD cost models in which the Marine Corps is a respondent.

c. Develops and maintains, in conjunction with the Data Systems Division, an ADP central cost data library for the storage and retrieval of cost information and factors in support of the MCFSCM and other cost models.

d. Develops and publishes uniform cost factors, on a selected basis, for use in planning, programming and budgeting throughout the Marine Corps.

e. Develops Cost Estimating Relationships (CER's) and Estimating Relationships (ER's).

f. Administers the Selected Acquisitions Information and Management Systems (SAIMS) as a single, integrated program within the Marine Corps.

g. Prepares Selected Acquisition Reports (SAR) for those

Marine Corps weapon systems acquisitions approved for reporting under DODINST 7000.3 and NAVCOMPTINST 7700.7.

h. Validates economic analyses prepared in support of proposed Marine Corps investments.

i. Evaluates and/or validates cost estimates in support of programs and budgets.

j. Upon request and when approved, conduct cost studies, cost findings, or cost evaluations for staff offices.

k. Conducts cost research to develop methodology or procedures for introducing costing techniques in a particular program or project.

l. Acts as liaison office for the Marine Corps with similar Cost Analysis Offices (CAO's) within DOD components.

Disbursing Branch

Missions and Functions

1. Mission.--To administer, coordinate, and supervise the disbursement of Marine Corps funds.

2. Functions

a. Provides for payment of pay and allowances, including allotments to all Marine Corps personnel, Regular, Retired and Reserve.

b. Provides technical supervision, advice and guidance to the Marine Corps Finance Center and to field disbursing officers.

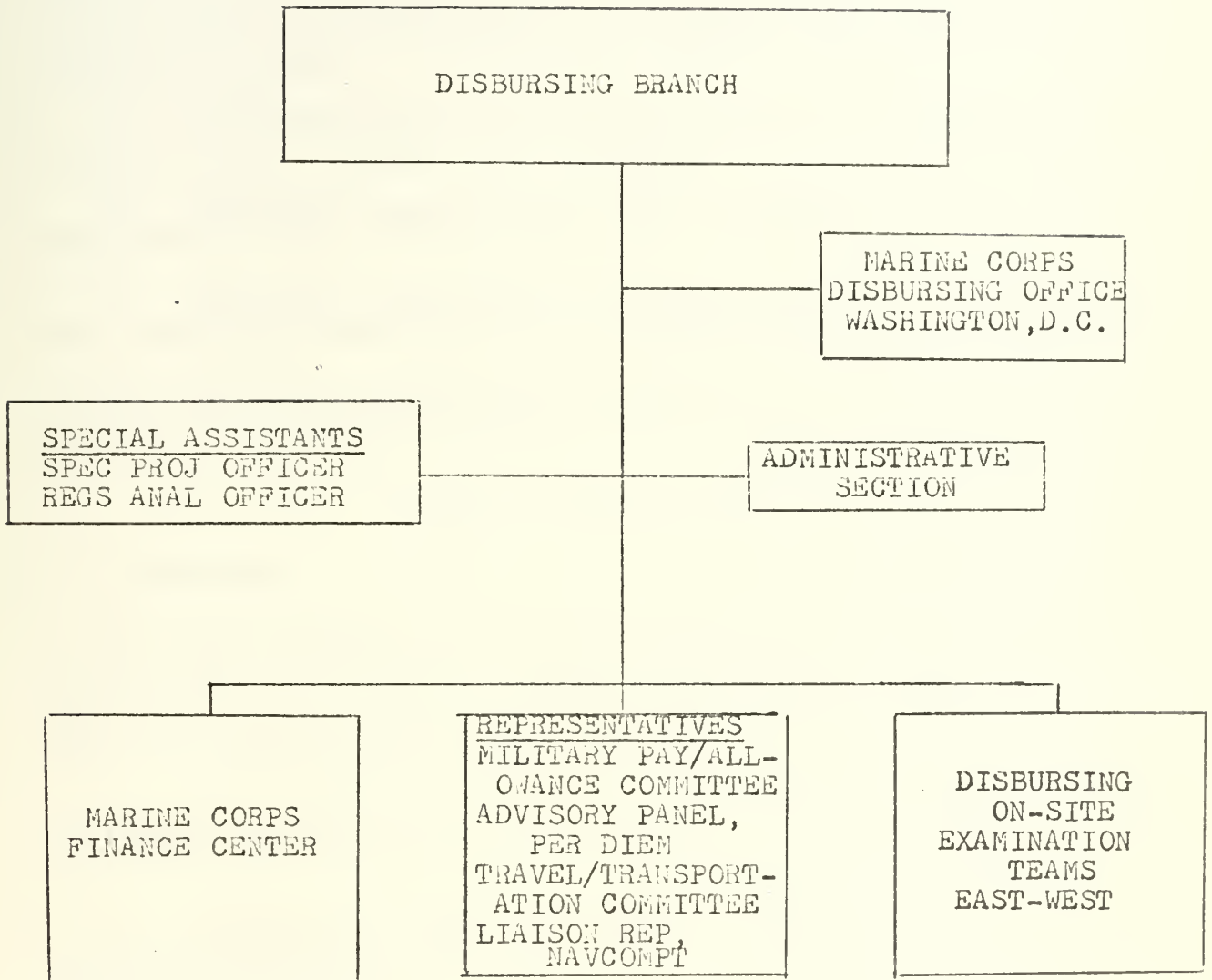
c. Furnishes data and reports to, and maintains liaison with other staff offices within Headquarters Marine Corps and other departments and bureaus of the Government.

d. Through the Marine Corps Finance Center provides for:

(1) Adjudication and processing of pay and allowances and special claims of Marine Corps personnel, both active and inactive.

(2) Audit and analysis of financial returns, military pay records and related supporting documents submitted by Marine Corps disbursing officers. All Marine Corps disbursing officers, regardless of location, forward their financial returns to the Marine Corps Finance Center for processing and examination.

(3) Inauguration of collection action to recover over-



payments made to personnel who are separated from the service.

(4) Payment of allotments, issuance of U.S. Savings Bonds and Notes and safekeeping services for U.S. Savings Bonds.

e. Administers Position Schedule Bonding for all disbursing officers, deputy disbursing officers, agent cashiers, collection agents, and imprest fund cashiers within the Marine Corps.

f. Effects coordination with the Treasurer of the United States on matters pertaining to the nomination of Marine Corps disbursing officers, and their deputies; the activation and deactivation of disbursing symbol numbers; and the disposition of treasury checks required for emergency issue to field disbursing officers.

g. Exercises operational control over the Marine Corps Finance Center, Kansas City, Missouri.

h. Exercises operational control over the Marine Corps Disbursing Office, Washington, D.C.

i. Exercises operational control over the On-Site Examination Teams and administers the On-Site Examination Program.

j. Formulates replies to congressional correspondence pertaining to disbursing matters.

Special Projects Officer

1. Functions

a. In conjunction with the Marine Corps Finance Center, continually reviews and analyzes disbursing operations and related procedures both at Headquarters, U.S. Marine Corps and at the field level with a view toward standardization and refinement of operations and quality control.

b. In conjunction with the Marine Corps Finance Center, evaluates and develops new procedures for field disbursing offices.

c. Maintains liaison with the Data Systems Division on matters relative to development and implementation of mechanized disbursing procedures.

d. Through the Marine Corps Finance Center, develops and coordinates plans for continuity of essential operations under emergency conditions, both at the alternate headquarters and emergency relocation site.

e. Develops and maintains a work measurement system for field disbursing offices; identifies personnel requirements and monitors changes to tables of organization within the disbursing structure.

f. Performs as unit coordinating officer, Reports Control Program, for the Disbursing Branch.

g. Administers the Position Schedule Bond for Marine Corps personnel.

h. Monitors forms control for disbursing blank forms.

i. Monitors and recommends action on all requests for deputies or agent cashiers of Marine Corps disbursing officers, and for establishment of collection agent positions.

j. Originates letter-type reports to the Treasurer of the United States regarding Marine Corps disbursing officers and symbol numbers.

k. Administers the On-Site Examination Program.

l. Serves as Headquarters Marine Corps MOS specialist for disbursing MOSSs.

m. Coordinates assignments of officer and enlisted personnel in the disbursing field with monitors.

n. Monitors requests for T/O changes.

Regulations Analysis Officer

1. Functions

a. Provides research, consultation service and legal advice on complex pay and allowance entitlement problems for the Marine Corps, including draft of external replies to correspondence concerning entitlement questions.

b. Comments on proposed legislation bearing directly or indirectly on disbursing functions.

c. Proposes and reviews proposed new regulations or changes to existing regulations for legal sufficiency, uniformity with other services and the needs of the Marine Corps. This includes receiving and transmitting all proposed changes to the Navy Comptroller Manual (Volume 4), Navy and Marine Corps Military Pay Procedures Manual, Department of Defense Military Pay and Allowances Entitlements Manual, Navy Travel Instructions, and

Joint Travel Regulations to and from the Comptroller of the Navy and the Per Diem, Travel and Transportation Allowance Committee and staffing such charges to all cognizant offices of Headquarters Marine Corps for concurrence and/or comments or resolutions of the Marine Corps position.

d. Advises the Head, Disbursing Branch on public laws, regulations, and Comptroller General decisions upon which to formulate disbursing policy.

e. Reviews for sufficiency and transmits to the Comptroller General of the United States, through the Military Pay and Allowance Committee, requests from disbursing officers for advance decisions.

f. Informs field disbursing officers of decisions issued by the Comptroller General of the United States.

g. Provides technical support to the Head, Disbursing Branch, and the Marine Corps members on various Department of Defense committees on pay and allowances.

h. Reviews and determines proper course of action in cases involving shortages of government funds.

i. Reviews for sufficiency and comments on requests for remission of indebtedness submitted by Marine Corps personnel.

Marine Corps Member,
Military Pay and Allowance Committee,
Department of Defense

1. Functions

a. As a representative of the Commandant of the Marine Corps, reviews and approves all service regulations introduced into the Committee concerning entitlement to pay and allowances of military personnel (other than per diem, travel and transportation) prior to issuance by the military departments; determines that such regulations are uniform in effect and legally sufficient; helps to review and resolve questions of entitlement submitted to the Committee; reviews and approves submission of questionable items to the Comptroller General of the United States for resolution.

b. Keeps the Fiscal Director of the Marine Corps apprised of the subject matter and status of items before the Committee for action.

c. Staffs all items before the Committee to cognizant offices of Headquarters Marine Corps for comment, action, and

determination of Marine Corps position.

d. Ensures that the Commandant of the Marine Corps, in coordination with the Comptroller of the Navy, implements any law, decision, opinion, or regulation which affects pay and allowances.

e. Introduces into the Committee for action any regulation, directive, request for decision, or question pertaining to pay and allowances which originates within the Marine Corps.

f. Furnishes technical and legal advice to the Fiscal Director of the Marine Corps on matters pertaining to pay and allowances.

g. Performs regular duties of the Committee Member, including chairmanship, preparation of committee actions, and research on specific problems.

Marine Corps Member, Advisory Panel,
Per Diem, Travel and
Transportation Allowance Committee

1. Functions

a. As a representative of the Commandant of the Marine Corps, reviews and approves all service regulations introduced

b. Keeps the Fiscal Director of the Marine Corps apprised on the subject matter and status of items before the Advisory Panel for action.

c. Furnishes technical and legal advice to the Fiscal Director of the Marine Corps on matters pertaining to per diem, travel and transportation.

d. Staffs all items before the Committee to cognizant offices of Headquarters Marine Corps for comment, action and determination of Marine Corps position.

Marine Corps Liaison Representative,
Navy Comptroller

1. Functions

a. As a representative of the Commandant of the Marine Corps provides direct liaison between the Navy and Marine Corps in all matters concerning pay and allowances of military personnel and disbursing procedures.

b. Coordinates joint directives involving military pay and allowances and disbursing procedures.

c. Advises on inquiries concerning pay and allowance of naval personnel serving at Marine Corps commands.

Marine Corps Disbursing On-Site Examination Teams (East Coast and West Coast)

1. Functions

a. Performs examination of military pay accounts maintained by Marine Corps disbursing officers for correctness and legality of entries thereon.

b. Reviews administrative documents and entries in personnel records which establish entitlements to pay and allowances.

c. Compares administrative documents and entries in personnel records and disbursing records to ensure they are in agreement.

d. Examines selected travel and public vouchers paid for correctness of computations and legality of payments.

e. Renders assistance to disbursing and commanding officers in the interpretation and application of published regulations, when required.

f. Advises disbursing and commanding officers of procedural changes which may be implemented to improve disbursing services.

Marine Corps Disbursing Office

The Marine Corps Disbursing Office (Washington) is not an integral part of the Fiscal Division. It does function under the operational and technical control of the Fiscal Director of the Marine Corps as follows:

a. Provides for payment of pay and allowances to all Marine Corps personnel on duty in the Washington, D.C. area.

b. Is responsible for maintaining accounts for all Marine Corps personnel assigned to Marine security guards, embassy personnel and NROTC students.

c. Provides for opening new and closing old pay accounts, auditing them for correctness, and forwarding semiannually to the appropriate central point for microfilming and storage.

d. Prepares, audits and pays vouchers pertaining to all

aspects of entitlements including, but not limited to, travel claims, lapsed appropriations, clothing allowance claims, and miscellaneous claims; when paid, claims are microfilmed locally prior to submission to the proper recipients.

Administrative Section

1. Function

a. Performs administrative and clerical functions as required by the office of the Head, Disbursing Branch.

APPENDIX B

SAMPLES OF PROJECT "PRIME" REQUIRED REPORTS

Example 1

NAVCOMPT 2170 Expense Operating Budget Financial Report

NAVCOMPT FORM 2170 (12-66)

(4)

NAVCOMPT 7000-10

**EXPENSE OPERATING BUDGET FINANCIAL REPORT
(7000)**

EXPENSE OPERATING BUDGET CHANGES SECTION

| GENERAL LEDGER ACCOUNT | | BALANCE OF ACCOUNT | | |
|------------------------|------------------------------|--------------------|---------------|--------------------------------|
| NO. | TITLE | PRIOR MONTH | CURRENT MONTH | (+ OR -) CHANGES FOR PERIOD |
| 510 | Accounts Payable | 33,037.91 | 26,410.01 | - 6,627.90 |
| 511 | Accrued Salaries & Wages | 7,928.96 | 9,264.96 | + 1,336.00 |
| 512 | Fringe Benefits-GS | 605.29 | 716.15 | + 110.86 |
| 610 | Funds Expended | 92,123.09 | 156,264.69 | + 64,141.60 |
| | Sub-Totals | 133,695.25 | 192,655.81 | + 58,960.56 |
| 520 | Prepaid Expenses | - 0 - | - 0 - | - 0 - |
| 530 | Travel Advances | - 0 - | - 0 - | - 0 - |
| | | | | |
| 888 | NET TOTALS | 133,695.25 | 192,655.81 | + 58,960.56 |
| 540 | UNFILLED ORDERS* | 26,570.29 | 5,130.87 | - 21,439.42 |
| | TOTAL NET CHANGES FOR PERIOD | 160,265.54 | 197,786.68 | + 37,521.14 |

* ANALYSIS OF ACCOUNT 540 - UNFILLED ORDERS

| | | | | | |
|-----|---------------------------------|---|-----------|----------|-------------|
| 541 | REIMBURSABLE UNFILLED ORDERS | 1. NON-FEDERAL, TRUST FUNDS | - 0 - | - 0 - | - 0 - |
| 542 | | 2. NON-FEDERAL, OTHER THAN TRUST FUNDS | 68.61 | 24.68 | - 44.13 |
| 543 | | 3. INTRA-APPROPRIATION | - 0 - | - 0 - | - 0 - |
| 544 | | 4. OTHER NAVY APPROPRIATIONS | 88.44 | 31.72 | - 56.72 |
| 545 | | 5. OTHER GOVERNMENT APPROPRIATIONS | 108.10 | 38.78 | - 69.32 |
| 546 | | OTHER THAN REIMBURSABLE UNFILLED ORDERS | 26,304.94 | 5,035.69 | - 21,269.25 |
| | | TOTAL | 26,570.29 | 5,130.87 | - 21,439.42 |

548 REMARKS: Other than Reimbursable Unfilled Orders-RPM \$277.87 Acct 510: Govt \$19,668.66
 710 Unfunded A/R \$ - 0 - Public 6,741.35
 202 Reimbursable Costs Collected \$15,256.19 Total \$26,410.01
 JD Charges: Current Month \$ - 0 - Fiscal Year to Date \$ - 0 -

I certify that the amounts herein reported are
 in accordance with 31 USC 200 and prescribed
 accounting procedures.

REPORTING FISCAL OFFICER (Signature and name)

DATE

Example 2

NAVCOMPT 2168 Operating Budget/Expense Report

OPERATING BUDGET/EXPENSE REPORT

| | | | | | |
|---|--|--|--|---|--|
| Fiscal Officer Marine Barracks FPO San Francisco 96610 | | Commandant of the Marine Corps Code AS-2 Washington D. C. 20380 | | <input type="checkbox"/> TOTAL <input type="checkbox"/> UN-APPROVED | |
| BUDGET FOR Commanding Officer Marine Barracks FPO San Francisco 96610 | | BUDGET GRANTOR Commandant of the Marine Corps | | APPROPRIATION DATA 1791106.2721 | |

| FUNC/ SUB- FUNC. CAT. | COST ACCOUNT | DESCRIPTION | AGGR UNITS | MANPOWER | | MILITARY SERVICES |
|--------------------------------|-----------------|------------------------------------|---------------|----------|----------|----------------------|
| | | | | MILITARY | CIVILIAN | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| MI | 7110 | Training | | | 69 | |
| MI | 7140 | Storage | | | 91 | |
| MI | 7160 | Administration | | | 10 | |
| MI | 7180 | Enlisted Men-Bks w/o mess | | | | |
| MI | 7190 | Detached Facilities | | | | |
| MI | 71J0 | Community Facilities | | 8 | 56 | 26.00 |
| MI | 7410 | Improved-Grounds | | 12 | 594 | 38.00 |
| MI | 7540 | Comm. Lines other than admin. tel. | | | 9 | |
| MI | 7570 | Training Structures other than 81d | | | 13 | |
| MI | 7580 | Refuse Disposal Facilities | | | | |
| MI | 75L0 | Fences, Walls, & Gates | | | 6 | |
| MI | 7620 | Heating over 3,500,000 BTU/HR | | | | |
| MI | 7630 | Heating, 750,000 to 3,500,000 BTU | | | | |
| MI | 7720 | Steam & Hot Water | | | 3 | |
| MI | 7810 | Preventive Mts. Inspection | | | | |
| MI | 7820 | Emergency Service Work Real Prop. | | 151 | 173 | 364.00 |
| MI | 7910 | Maintenance Shop Overhead | | 819 | 324 | 2,838.00 |
| MI | 79X0 | Military Absence | | 424 | | 913.00 |
| TOTAL "M" | | | | 1,414 | 1,350 | 4,179.00 |
| NI | 8110 | Steam & Hot Water 750,000 to 3.5 | | | | |
| NI | 8210 | Million BTU/HR | | | | |
| NI | 8350 | Steam & Hot Water over 3.5 Million | | | | |
| NI | 8450 | BTU/HR | | | | |
| NI | 8350 | Purchased Electricity | | | | |
| NI | 8450 | Purchased Potable Water | | | | |
| NI | 8510 | Sewage Treatment, P & P | | | | |
| NI | 8750 | Fuels issue to Heating Plants | | | | |
| NI | | under 750,000 BTU/HR | | | | |
| NZ | | Reimbursements | | | | |
| TOTAL "N" | | | | | | |
| PI | 9210 | Custodial Service | | | | |
| PI | 9220 | Insect & Rodent Control | | | | |
| PI | 9230 | Refuse & Garbage Collection & | | | | |
| PI | 9250 | Disposal | | | | |
| PI | 9250 | Emergency Service Work other than | | | | |
| PI | 9290 | Real Property | | 21 | 102 | 46.00 |
| PI | 9290 | Other Mts. & Service | | | 145 | |
| PI | 929A | Fabrication & Repair of Signs | | | 4 | |
| PI | 92A0 | General Service Shop Overhead | | | 6 | |
| TOTAL "P" | | | | 21 | 257 | 46.00 |
| RI | 7010 | Minor Construction | | | | |
| TOTAL "R" | | | | | | |
| SI | 9911 | Messhalls & Galleys | | 580 | | 2,737.00 |
| SI | 9936 | Enlisted Men Club | | 840 | | 3,506.00 |
| SI | 9937 | Special Services | | 1,326 | | 3,427.00 |
| SI | 9938 | Band (Including Instruments & etc) | | 7,335 | 8 | 11,942.00 |
| SI | 9943 | Retail Clothing Sales | | | | |
| SI | 9951 | General Admin. Laundry | | 520 | (539) | 1,386.00 |
| SI | 9952 | Marking & Distributing | | | 861 | |
| SI | 9953 | Washing & Extracting & Tumbling | | | 554 | |
| SI | 9954 | Pressing | | | 1,322 | |
| SI | 9955 | Flatwork | | | 2,392 | |
| SI | 9956 | Purchased Service | | | | |
| SI | 9962 | Mts. & Repair of Personnel | | | | |
| SI | | Support Equipment | | | 160 | |
| SI | 99X0 | Military Absence | | 1,712 | | 5,767.00 |
| SZ | | Reimbursements | | | | |
| TOTAL "S" | | | | 12,313 | 4,756 | 26,765.00 |
| TOTAL OPERATING EXPENSES | | | | 93,961 | 11,555 | 207,181.00 |
| 9299 | | \$ 5,130.87 | | | | |

Example 2, (Continued)

| | | | | |
|--|-------------------|---|-------------|---------------|
| <input checked="" type="checkbox"/> TELE <input type="checkbox"/> JMWAVE | | 30 September 1968 | | |
| T CENTER | | REPORTING FISCAL YEAR: 1968, MONTH: 09, DAY: 30 | | |
| MULTIPLICATION FACTORS | | | | |
| CIVILIAN LABOR | MATERIAL SUPPLIES | COMMERCIAL CONTRACTS | OTHER | TOTAL EXPENSE |
| (R) | (S) | (T) | (U) | (V) |
| 247.71 | | | | 247.71 |
| 324.89 | | | | 324.89 |
| 35.90 | | | 56.00 | 91.90 |
| | 285.50 | | | 285.50 |
| | | | 204.00 | 204.00 |
| 202.83 | | | | 228.83 |
| 1,771.18 | 21.00 | | | 1,830.18 |
| 10.77 | | | | 10.77 |
| 46.67 | | | | 46.67 |
| | | | 162.36 | 162.36 |
| 28.72 | 89.70 | | | 118.42 |
| | | | 1,067.60 | 1,067.60 |
| | | | 40.00 | 40.00 |
| 10.77 | | | | 10.77 |
| | | | 115.46 | 115.46 |
| 621.08 | 104.13 | | 3,175.62 | 4,264.83 |
| 1,174.56 | 14.98 | | | 4,027.54 |
| | | | | 913.00 |
| 4,475.08 | 515.31 | | 4,821.04 | 13,990.43 |
| | | | 262.03 | 262.03 |
| | | | (367.95) | (367.95) |
| | | | 3,862.22 | 3,862.22 |
| | | | 1,465.54 | 1,465.54 |
| | | | 601.44 | 601.44 |
| | | | 1,120.50 | 1,120.50 |
| | | | (87.50) | (87.50) |
| | | | 6,857.08 | 6,857.08 |
| | 88.02 | | 13.34 | 101.36 |
| | | | 892.00 | 892.00 |
| | | | 2,634.32 | 2,634.32 |
| 366.18 | 51.78 | | 1,156.54 | 1,620.50 |
| 520.55 | 67.41 | | 3.00 | 590.96 |
| 14.36 | | | | 14.36 |
| 21.54 | | | | 21.54 |
| 922.63 | 207.21 | | 4,699.20 | 5,875.04 |
| | | | 99.36 | 99.36 |
| | | | 99.36 | 99.36 |
| | 394.56 | | | 3,131.56 |
| | 1.96 | | | 3,507.96 |
| | 490.77 | | | 3,917.77 |
| 28.72 | 36.86 | | | 12,007.58 |
| | 131.39 | | | 131.39 |
| (466.45) | 258.61 | | 13,206.72 | 14,384.88 |
| 1,645.82 | | | | 1,645.82 |
| 1,154.18 | | | | 1,154.18 |
| 2,457.33 | | | | 2,457.33 |
| 4,204.27 | | | | 4,204.27 |
| | | | 1.50 | 1.50 |
| 635.20 | 120.57 | | 364.95 | 1,120.72 |
| | | | | 5,767.00 |
| | | | (13,200.72) | (13,200.72) |
| 9,659.07 | 1,434.72 | | 372.45 | 40,231.24 |
| 34,968.00 | 3,973.31 | | 20,350.97 | 266,493.26 |

Example 3

NAVCOMPT 2169 Performance Statement Report

NAVCOMPT FORM 2169 (REV. 3-68) (7000)
S/N 0104-108-0071

NAVCOMPT 7000-9

PERFORMANCE STATEMENT

| FROM | | TO | | APPROPRIATION DATA | | COMPLETED ENDING | | | | | |
|--|-----------------|--|---------------|--|----------------------------|---|-------------------------|----------------------------|-----------------------------|-------------------------------|--|
| U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | BUDGET GRANTOR CMC | | COST CENTER COMPTROLLER | | | | | |
| BUDGET FOR | | BUDGET GRANTOR | | COST CENTER | | REPORTING FISCAL OFFICER (Signature and rank) | | | | | |
| U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | DATE OF SUBMISSION | | | | | |
| U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | U.S. MARINE ACTIVITY WASHINGTON 25, D. C. | | 31 July 1968 | | | | | |
| BUDGET CLASSIFICATION | | | | EXPENSES | | | | WORK UNITS | | | |
| FUNC/ SUBFUNG CAT | COST ACCOUNT | DESCRIPTION | ACTUAL (4) | ANNUAL BUDGET (5) | NORM % TO BUDGET (6) | ACTUAL (7) | ANNUAL BUDGET (8) | NORM % TO BUDGET (9) | ACTUAL UNIT COST (10) | STANDARD UNIT COST (11) | |
| D1 | 1C10 | Administration | 2,750 | 29,200 | 9 | 199 | 3,069 | 6 | 27.78 | - | |
| D1 | 1C20 | Internal Review | 1,250 | 6,300 | 20 | 3 | 27 | 11 | 416.67 | - | |
| D1 | 1C30 | Budget and Statistics | 1,850 | 49,000 | 4 | - | - | - | - | - | |
| D1 | 1C40 | Accounting | 8,000 | 92,500 | 9 | 600 | 5,800 | 10 | 13.33 | - | |
| D1 | 1C50 | Payroll | 13,600 | 136,000 | 10 | 1,303 | 6,825 | 19 | 10.44 | - | |
| D1 | 1CX0 | Military Absence | 75 | 5,000 | 2 | - | - | - | - | - | |
| DZ | 1C20 | Internal Review | 400 | 4,000 | 10 | - | - | - | - | - | |
| Total D | | | 27,985 | 322,000 | 9 | | | | | | |

Example 4

NAVCOMPT 2171 Functional Category/Expense Element Report

FUNCTIONAL CATEGORY/EXPENSE ELEMENT REPORT

| | | | | | |
|--|--|---|--|--|--|
| APPROPRIATION DATA | | FOR PERIOD ENDED | | EOB IDENTIFICATION | |
| 1791106.2721 | | 30 September 1968 | | 62211 | |
| FROM: Fiscal Officer Marine Barracks FPO San Francisco 96610 | | TO: Commandant of the Marine Corps (Code AS-2) Washington D. C. 20380 | | EOB APPROVED FOR: MarBks, Pearl Harbor, 62211 | |
| | | | | CHARGEABLE UNIT IDENTIFICATION CODE 62211 | |

| CODE | AMOUNT | CODE | AMOUNT |
|------------|------------|---------------|------------|
| <u>2C</u> | | | |
| DIA | 18,104.00 | NIM | 5,473.75 |
| DIA (IR30) | 25,594.00 | NJQ | 1,383.33 |
| DIE | 244.64 | TOTAL | |
| DIM | 133.34 | FUNCTIONAL | |
| DIQ | 585.37 | CATEGORY N | 6,857.08 |
| DIT | 775.85 | | |
| DIU | 12,744.96 | PIA | 46.00 |
| TOTAL | | PIQ | 4,699.20 |
| FUNCTIONAL | | PJT | 207.21 |
| CATEGORY D | 58,182.16 | PJU | 922.63 |
| | | TOTAL | |
| EIA | 13,665.00 | FUNCTIONAL | |
| EIT | 435.50 | CATEGORY P | 5,875.04 |
| EJU | 6,881.11 | | |
| EIY | 28.96 | SJA | 28,765.00 |
| TOTAL | | SIQ | 372.45 |
| FUNCTIONAL | | SIT | 1,434.72 |
| CATEGORY E | 21,010.57 | SIU | 9,659.07 |
| | | TOTAL | |
| LIA | 116,828.00 | FUNCTIONAL | |
| LIN | 1,048.50 | CATEGORY S | 40,231.24 |
| LIQ | 204.95 | | |
| LIT | 221.94 | TOTAL PROGRAM | |
| L5T | 333.53 | ELEMENT CODE | |
| L7Q | 1,285.04 | <u>2C</u> | 266,493.28 |
| L7T | 20.29 | | |
| L7U | 305.15 | | |
| TOTAL | | | |
| FUNCTIONAL | | | |
| CATEGORY L | 120,247.40 | | |
| | | | |
| MIA | 4,179.00 | | |
| MIQ | 4,920.40 | | |
| MIT | 515.31 | | |
| MIU | 4,475.08 | | |
| TOTAL | | | |
| FUNCTIONAL | | | |
| CATEGORY M | 14,089.79 | | |

Example 5

NAVCOMPT 2182 Military Service Report

| | | | | |
|---|--|--|--|--|
| FROM | | TO | | |
| Fiscal Officer Marine Barracks, U. S. Naval Base FPO San Francisco 96610 | | Commandant of the Marine Corps Code AS-2 Washington, D. C. 20380 | | |

| BRANCH OF SERVICE | OFFICERS | | | NUMBER |
|----------------------------------|----------|------------------|-------------|-----------------|
| | NUMBER | COST | | |
| | | AT STANDARD RATE | INCREMENTAL | |
| (1) | (2) | (3) | (4) | (5) |
| NAVY | * | * | * | |
| MARINE CORPS | 18 | 19,733 | | 443 |
| ARMY | | | | |
| AIR FORCE | | | | |
| TOTALS | 18 | 19,733 | | 443 |
| * FOOTNOTE: RPN TARS INCLUDED | | | | Cumulative " |

Example 5, (Continued)

| | |
|--|---|
| OB IDENTIFICATION 62211 | FOR MONTH OF September 1968 |
| | REPORTING FISCAL OFFICER (Signature and rank) |
| APPROPRIATION DATA 1791106.2721 | DATE OF SUBMISSION 5 Sep 1968 |

| ENLISTED | | TOTALS | | | TOTAL |
|------------------|-------------|--------|------------------|-------------|-----------|
| COST | | NUMBER | COST | | |
| AT STANDARD RATE | INCREMENTAL | | AT STANDARD RATE | INCREMENTAL | |
| (6) | (7) | (8) | (9) | (10) | (11) |
| | | | | | |
| 162,085 | | 461 | 181,818 | | \$181,818 |
| | | | | | |
| | | | | | |
| 162,085 | | 461 | 181,818 | | \$181,818 |

| | |
|---|-----------|
| Quarterly Military Services Authority to Date | \$540,941 |
| " " " Expense to Date | 403,054 |
| Balance available | \$137,887 |

APPENDIX C

PROPOSED SURVEY OF MARINE CONTROLLERS

This outline contains the subject areas considered appropriate for a future survey by questionnaire of Marine Corps controllers. In order to secure maximum response it is suggested that names be omitted. Also, the recipient should be assured that individual questionnaires will not be cited or quoted. Their sole use will be to compile information and opinion by functional area.

I. Background Information

- A. Type of unit (Fleet Marine Force or non FMF)
- B. Rank/grade of assistant controller
- C. Number, grade, and title of subordinates

II. Personal Qualifications

- A. Rank, military occupational specialty, length of active commissioned service
- B. Education level and type of degree
- C. Previous experience in financial management field prior to present assignment

III. Technical Qualifications

- A. Opinion as to whether a working knowledge of accounting and finance is essential to controllership
- B. Is own experience adequate?
- C. Would he like to have more technical knowledge?

- D. Is technical schooling or training for controllers a feasible idea?
- E. Recommendation on how to better qualify officers for controllership.

IV. Controller Functioning

- A. Is more time spent on matters within the comptroller department or on issues that pertain to the entire command?
- B. Arrange these functions in order of importance: planning, controlling, reporting, accounting. (Heckert and Willson)
- C. Arrange these functions in order of importance: budgeting, accounting, statistics, disbursing. (USMC)
- D. Arrange these functions in order of importance: planning, performance measurement, validating objectives, interpreting and reporting, protecting assets. (Controller's Institute)
- E. Which of the above is most descriptive of his organization?
- F. Opinion as to controller's most important function.
- G. On which function does he spend the most time?

V. Controller's Position in the Management Structure

- A. Is controller's position on the General/Executive staff the best position for controllership?
- B. Rank the following staff positions in order of importance: G-1, G-2, G-3, G-4, comptroller.

- C. Which staff position would he prefer to hold?
- D. Does comptroller have equal prestige with other staff members?
- E. Does his controller organization provide adequate depth and experience for efficient functioning?
- F. Is the interstaff relationship with higher and lower level commands adequate?

- VI. Project PRIME--As PRIME is a high priority program, care should be used to phrase questions so that the response is not colored by the desire to support official policy.
- A. Is the measurement of military activity in financial terms generally a valid concept?
 - B. Does the above answer apply to your command?
 - C. What are the most valuable local applications of PRIME?
 - D. Do officers outside the comptroller department understand PRIME?
 - E. Should PRIME concepts be carried further than they are at present?
 - F. Is PRIME a cost effective project?
 - G. Is the costing of military labor a valid concept?

This is by no means a comprehensive listing. It covers the most significant questions suggested by this study. Elaboration and enlargement of the points listed are appropriate.

In addition to the normal careful analysis and thought appropriate to all survey questions, it is essential that questions be worded in a manner that will circumvent the natural tendency to reflect official policy.

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The S43343 Shannon
A critical evaluation of controller-ship in the Marine Corps.

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11 SEP 74
17 SEP 74
16 JAN 80
7 JUL 80
8 OCT 80

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